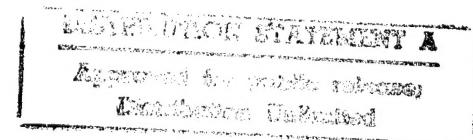


A NEW PARADIGM OF LEADERSHIP:

An Inquiry Into Transformational Leadership

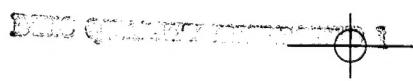


Bernard M. Bass



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February 1996

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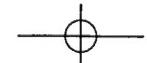
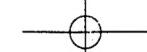


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Figure 1: From Bass, B.M., & Avolio, B.J. (1994). *Improving organizational effectiveness through transformational leadership*. Thousand Oaks, CA: Sage.

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Figure 3: From Avolio, B.J., & Bass, B.M. (1994). *Evaluate the impact of transformational leadership training at individual, group, organizational, and community levels*. Final report to the W.K. Kellogg Foundation, Binghamton University, Binghamton, NY.

Figure 4: From Bass, B.M., & Avolio, B.J. (in press). Shatter the glass ceiling: Women may make better managers. *Human Resource Management Journal*.

Figure 5: Data from Bass, B.M., Avolio, B.J., & Atwater, L. (in press). The transformational and transactional leadership of men and women. *International Review of Applied Psychology*.

Figure 6: From Avolio, B.J., & Bass, B.M. (1994). *Evaluate the impact of transformational leadership training at individual, group, organizational, and community levels*. Final report to the W.K. Kellogg Foundation, Binghamton University, Binghamton, NY.

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Table 11: Adapted from Atwater, L. (unpublished).

Table 12: Adapted from Yammarino, F.J., & Bass, B.M. (1990a); Deluga, R.J. (1990). The effects of transformational, transactional, and laissez-faire leadership characteristics on subordinate influencing behavior. *Basic and Applied Social Psychology, 11*, 191-203; and Deluga, R.J. (1991). The relationship of leader and subordinate influencing activity in Naval environments. *Military Psychology, 3*, 25-39.

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Table 14: Adapted from Yokochi, N. (1989). *Leadership styles of Japanese business executives and managers: Transformational and transactional*. Doctoral dissertation, United States International University, San Diego, CA.

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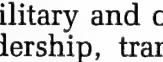
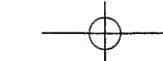
Table 16: Adapted from Howard, A., & Wellins, H. (1994). High-involvement leadership: Changing roles for changing times. *Leadership Research Institute, Development Dimensions International*. Greenwich, CT: JAI Press.

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Table 18: After Seltzer, J., & Miller, L.E. (1990). *Leader behavior and subordinate empowerment in a human service organization*. Paper, Academy of Management, San Francisco, CA.

Table 19: After Howell, J.P., Bowen, D.E., et al. (1993). *New dimensions in leadership. A special report from Organizational Dynamics* (pp. 83-99). American Management Association, New York, NY.

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Foreword

Research and development to strengthen the foundation of knowledge for leadership selection and development is one of the primary program areas of the U.S. Army Research Institute for the Behavioral and Social Sciences (ARI). Leadership theory is a crucial component of the necessary foundation of knowledge, helping to shape the applied research efforts and the Army's strategies and policies for effective leader development. The research reported in this volume presents the culmination of a long-standing effort by Dr. B. M. Bass, a creative scientist partially funded by the Research and Advanced Concepts Office (RACO) of ARI. Our purpose in presenting this research synthesis is to develop a theory of leadership that is relevant to today's Army, and can guide our best efforts to create the leaders of tomorrow.

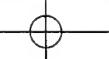
Units perform well if leaders motivate their troops and instill a sense of cohesion. The difference between winning and losing battles is often the extra effort inspired by exceptional leadership. Empirical research described in this volume supports the finding that the best of both military and civilian leaders often display a particular kind of leadership, transformational leadership. The contribution of transformational leadership to unit commitment, involvement, loyalty, and performance helps units to cope with stress in crises, emergencies and the "fog of war." The implications of the new research on transformational leadership for the organization's image and strategic planning, and its impact on recruiting, selection, promotion, personnel development, and management education are all discussed.

We are pleased to make Dr. Bass' significant scientific contribution available on the occasion of a symposium on Leadership Challenges of the 21st Century Army. We hope and expect that this volume will help to invigorate all aspects of the symposium, and further its goals: to convene, to think and discuss, and then to examine leadership policy and leader development with the greatest possible degree of sophistication and commitment.

We hope that the new ideas in this research will provide new insights and approaches to all members of the Army's leader development community and to the scientists who will pick up the challenge to begin a dialog to arrive at better methods for developing effective leaders in an age of continuing change and information explosion.

EDGAR M. JOHNSON
Director





Executive Summary

Requirement

Leadership theory, research, education, and development concentrated on leadership as a transactional exchange between leader and followers until the last 15 years. Then, a new paradigm of transformational/transactional leadership was introduced which better reflected the practices of the best of leaders. Eleven questions about the new paradigm are posed which have implications for military applications. This report employs recently published as well as much of as yet unpublished literature to provide tentative answers to each of the questions.

Findings

Section 1 describes the model of the full range of leadership which it is posited most leaders display. Empirical research using survey methods supports the finding that the best of both military and civilian leaders display more transformational leadership and less passive managing-by-exception. Answers to each of the eleven questions are examined in detail in the sections that follow.

Section 2 looks at the contribution of transformational leadership to follower commitment, involvement, loyalty, and perceived follower performance. The dynamics involved explain why transformational leadership contributes positively to the subjective feelings and performance of followers.

Section 3 details how transformational leadership helps followers to cope with stress in crises, emergencies and various other stressful conditions such as panic and disasters. Transactional leadership may also be successful in guiding followers but it is less likely to be effective. Pseudotransformational leaders may be the source of the stress.

Section 4 asks whether contingencies value a difference in the emergence and effectiveness of transformational leadership. Some variation is expected and obtained in transformational and transactional leadership as a function of the stability or turbulence in the environment, the individualism or collectivism of the cultures, the mechanistic or organic character of the organization,





in military compared to civilian operations, in homogeneous compared to heterogeneous groups, in work groups compared to study groups, and in research groups compared to development teams.

Section 5 considers organizational cultures to be describable in terms of their transformational and transactional qualities. Transformational cultures are more adaptive; transactional cultures are more unadaptive. When organizations are typed, a plurality are found to be coasting; that is, they tend to moderately exhibit signs, symbols, customs, and norms of both transactional and transformational leadership.

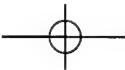
Section 6 reviews what has been found about the transformational and transactional leadership of men and women. Women leaders tend to be somewhat more transformational and effective; men manage more by exception. Explanations are offered for these findings.

Section 7 suggests the implications of the new paradigm on its cascading effects. Also considered are the implications for the organization's image and strategic planning. Then the impact on recruiting, selection, promotion, personnel development, and management education are discussed. Finally, Section 7 examines how the new paradigm is likely to contribute to a better understanding of job design, decision-making, and diversity.

Section 8 addresses the issues of the development of transformational leaders as assessed from biodata, as modified through counseling and feedback, and as generated from formal training programs. Evaluations of successful training efforts are provided.

Section 9 examines the ways that global attributes, specific traits, and combinations of assessments have been applied to validate forecasts of retrospective, concurrent, and subsequently measured transformational leadership. Promising predictors are suggested.

Section 10 reviews what is known about whether election or appointment makes a difference, and the unexpected minimal effects of rank on transformational leader behavior. Both the military and civilian sectors are examined. Summaries of meta-analyses are provided.





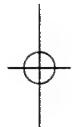
Executive Summary

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Section 11 discusses the differences between empowerment and laissez-faire leadership. Findings are illustrated by military examples and by the results of a factor analysis of survey feedback data.

Section 12 considers whether or not there could be valid substitutes for transformational and transactional leadership and proposes some possibilities.

Section 13 concludes with suggestions for needed research on the new paradigm and argues, in particular, for the development and evaluation of more theory and explanations of the empirical work already available. Many gaps in our knowledge still remain requiring additional basic research. Additionally, needed are large-scale military studies on leadership performance and training to confirm the utility of the new approach.





SECTION 1

Introduction

The Changing Army

In World War II the commitment, loyalty and involvement of privates to generals in the Army was reinforced by a belief that they were engaged in a just cause with the clear purpose to achieve total victory. Beginning with the Korean "police action," the cause changed from repelling aggression to containing Sino-Soviet expansion to maintaining a stalemate. Vietnam was even more murky; survival for a year until being rotated out became paramount. In the 1990's the Army has found itself in separate actions in Panama, Grenada, Iraq, Somalia and now Haiti. It must be ready to project and represent the power of the world's only remaining superpower.

A second change is that the Army is now composed of volunteer professionals. Its minimum educational and intelligence standards for enlistment have been raised and the search and application of ever-improving new technologies continues unabated. Additionally, the force has become highly diverse in race and sex. Finally, the American society from which the Army's personnel are drawn has seen the rise of moral relativism and the increased questioning of the values of honor, duty and country. Elvis Presley and O.J. Simpson have become more celebrated than George Washington and Abraham Lincoln.

Instead of preparing and marching off into harm's way to totally defeat the enemy in as short a time as possible, with the least casualties, Army service becomes a career itself, or a stepping stone to a civilian career. One of the ways to achieve the needed alignment of individual soldier interests with the interests of his or her unit, organization and the Army as a whole is through leadership at all levels. And while commitment and involvement of these better educated, more intelligent, more fully trained, diverse, technologically "tuned-in," personnel more



skeptical about the ideals of just causes and patriotic duty may be maintained to some degree by the "carrot-or-stick" contingent reinforcement of transactional leadership, it is argued here that much more will be achieved if transformational leadership is added to the leadership.

THE NEW MODELS OF LEADERSHIP

A new paradigm of leadership has begun to capture attention. Leadership is conceived to be transactional and/or transformational (Burns, 1978; Bass, 1985). Evidence has accumulated that transformational leadership can move followers to exceed expected performance. It is seen as a particularly powerful source of effective leadership in Army, Navy and Air Force settings (e.g., Bass, 1985; Boyd, 1988; Curphy, 1992; Longshore, 1988; O'Keefe, 1989; and Yammarino & Bass, 1990), a fact which was implicitly recognized by many in the military long before the paradigm was codified. But what the codification did was to permit systematic exploration of the phenomenon of transformational leadership and the effects of its application to specific conditions. Furthermore, it led to a whole new mode of leadership training (Avolio & Bass, 1991). Again, it should result in new ways of identifying more successful and effective leaders.

Empirical Research

Since the early 1980's, empirical research both inside and outside the Army, Navy, Air Force and Marine Corps has supported the greater effectiveness of transformational leadership in contrast to transactional leadership in generating subordinate extra effort, commitment, satisfaction and contribution to military readiness. Understanding of what was involved remains spotty for several reasons. While considerable completed research has used standardized instruments, often these particular studies have shortened or eliminated scales for pragmatic reasons. Few controlled experiments have been attempted. Most conclusions have had to rely on survey research. Fortunately, most of this has been in the field. Numerous studies repeatedly test the same few hypotheses. There is a paucity of theory. This report will review eleven issues about transformational leadership with special attention to its implications for the Army and the motivation of its personnel.



This report will use an empirically and logically supported factor analytic framework of transactional and transformational leadership. The model portrays transactional leadership as contingent reinforcement. The reinforcement is in the form of promises and rewards or threats and disciplinary actions. Transformational leadership is conceived as charismatic in attribution or behavior, intellectually stimulating, or individually considerate.

The Questions To Be Addressed

A series of fundamental propositions will be presented to deal with a variety of basic questions whose answers will further leadership research and application. Such questions will include:

1. What are the "mechanisms" that lead to greater commitment, involvement, loyalty and performance as a consequence of transformational leadership?
2. Why is stress among followers greater under transactional leadership?
3. How much do situational contingencies affect the use and effectiveness of transactional and transformational leadership? How much do combat and crises make a difference?
4. Can organizational cultures usefully be described in terms of how transactional or transformational they are?
5. Are there gender differences in transformational and transactional leadership?
6. What are the implications of transformational leadership for organizational policy?
7. How and what about transformational leadership can be effectively taught and learned?
8. Can the tendency to be more transformational be accurately predicted? If so, how?
9. How do rank and status affect the tendency and need to be more transformational?
10. How is empowerment differentiated from laissez-faire leadership?
11. Are there substitutes of consequence for transformational leadership?



Background

Historians, political scientists and sociologists had long since recognized leadership that went beyond contingent reinforcement. Weber's (1924/1947) examination of charisma epitomized such study. However, both psychology and economics were enamored of contingent reinforcement as the underlying concept for the study of leadership. Leadership was an exchange relationship for them. Research exemplified by Podsakoff and Schriesheim (1985), as well as much of the research with the Full Range of Leadership model (Avolio & Bass, 1991) to be described subsequently, indicates that contingent reward is reasonably effective under most circumstances, active contingent discipline (corrective leadership for failure of a follower to comply) more varied in effects, and passive contingent discipline (don't fix it if it ain't broken) is contraindicated as an effective act of leadership. For as Harry Levinson (1980) suggested, if you limit leadership of a follower to rewards with carrots for compliance or punishment with a stick for failure to comply with agreed-upon work to be done by the follower, the follower will continue to feel like a jack-ass. Leadership must also address the follower's sense of self-worth in order to engage the follower in true commitment and involvement in the effort at hand. And that is what transformational leadership adds to the transactional exchange. Shamir (1991) has developed a theory to explain this effect.

Transformational leaders motivate others to do more than they originally intended and often even more than they thought possible. They set more challenging expectations and typically achieve higher performances.

Transformational leadership is an expansion of transactional leadership. Transactional leadership emphasizes the transaction or exchange that takes place among leaders, colleagues, and followers. This exchange is based on the leader discussing with others what is required and specifying the conditions and rewards these others will receive if they fulfill those requirements.



Components of Transformational Leadership

Transformational leaders do more with colleagues and followers than set up simple exchanges or agreements. They behave in ways to achieve superior results by employing one or more of the four components of transformational leadership.

Factor studies from Bass (1985) to Avolio and Howell (1992) have identified the four components of transformational leadership. Leadership is charismatic such that the follower seeks to identify with the leader and emulate him or her. The leadership inspires the follower with challenge and persuasion, providing a meaning and understanding. The leadership is intellectually stimulating, expanding the follower's use of his or her abilities. Finally, the leadership is individually considerate, providing the follower with support, mentoring and coaching. Each of these components can be measured with the Multifactor Leadership Questionnaire (MLQ).

Descriptions of the components are shown below along with coefficient alphas (in parenthesis obtained for 1,053 raters, all belonging to the same firm, who described their leaders using the 70 item Multifactor Leadership Questionnaire (Form 5)).

1. *Charismatic leadership or idealized influence.* Transformational leaders behave in ways that result in their being role models for their followers. The leaders are admired, respected, and trusted. Followers identify with the leaders and want to emulate them. Among the things the leader does to earn this credit is considering the needs of others over his or her own personal needs. The leader shares risks with followers and is consistent rather than arbitrary. He or she can be counted on to do the right thing, demonstrating high standards of ethical and moral conduct. He or she avoids using power for personal gain and only when needed. (.89)

2. *Inspirational motivation.* Transformational leaders behave in ways that motivate and inspire those around them by providing meaning and challenge to their followers' work. Team spirit is aroused. Enthusiasm and optimism are displayed. The leader gets followers involved in envisioning attractive future states. The leader creates clearly communicated expectations that followers want to meet and also demonstrates commitment to goals and the shared vision. (.76)

3. *Intellectual stimulation.* Transformational leaders stimulate their followers' efforts to be innovative and creative by questioning assumptions, reframing problems, and approaching old situations in new ways. Creativity is encouraged. There is no public criticism of individual members' mistakes. New ideas and creative problem solutions are solicited from followers, who are included in the process of addressing problems and finding solutions. Followers are encouraged to try new approaches, and their ideas are not criticized because they differ from the leaders' ideas. (.86)

4. *Individualized consideration.* Transformational leaders pay special attention to each individual's needs for achievement and growth by acting as coach or mentor. Followers and colleagues are developed to successively higher levels of potential. Individualized consideration is practiced as follows: New learning opportunities are created along with a supportive climate. Individual differences in terms of needs and desires are recognized. The leader's behavior demonstrates acceptance of individual differences (e.g., some employees receive more encouragement, some more autonomy, others firmer standards, and still others more task structure). A two-way exchange in communication is encouraged, and "management by walking around" work spaces is practiced. Interactions with followers are personalized (e.g., the leader remembers previous conversations, is aware of individual concerns, and sees the individual as a whole person rather than as just an employee). The individually considerate leader listens effectively. The leader delegates tasks as a means of developing followers. Delegated tasks are monitored to see if the followers need additional direction or support and to assess progress; ideally, followers do not feel they are being checked on. (.89)

Several thousand leaders in the private sector and community leaders in the public sector have been trained using the model of the full range of leadership. This model includes the four components of transformational leadership as well as transactional leadership behavior and laissez-faire or nonleadership behavior.



Components of Transactional Leadership

Transactional leadership occurs when the leader rewards or disciplines the follower depending on the adequacy of the follower's performance. Transactional leadership depends on contingent reinforcement, either positive contingent reward (CR) or the more negative active or passive forms of management-by-exception (MBE-A or MBE-P).

Contingent Reward (CR). This constructive transaction has been found to be reasonably effective, although not as much as any of the transformational components, in motivating others to achieve higher levels of development and performance. With this method, the leader assigns or gets agreement on what needs to be done and promises rewards or actually rewards others in exchange for satisfactorily carrying the assignment (Coefficient $\alpha = .89$).

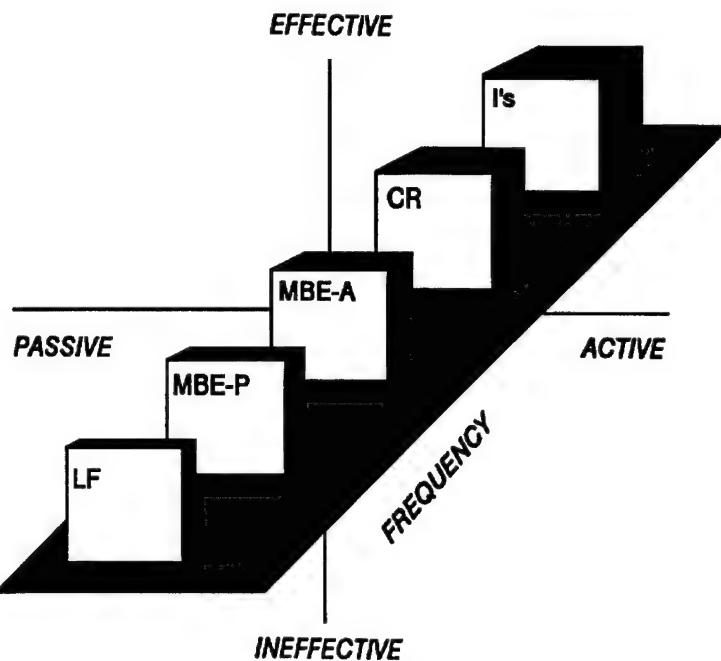
Management-by-Exception (MBE). This corrective transaction tends to be more ineffective. But it may be required in certain situations. This corrective transaction may be active (MBE-A) or passive (MBE-P). In MBE-A, the leader arranges to actively monitor deviances from standards, mistakes, and errors in the follower's assignments and to take corrective action as necessary ($\alpha = .74$). MBE-P implies waiting passively for deviances, mistakes, and errors to occur and then taking corrective action ($\alpha = .73$).

Laissez-Faire Leadership (LF). This is the avoidance or absence of leadership and is, by definition, most inactive, as well as most ineffective according to almost all research on the style ($\alpha = .79$). As opposed to transactional leadership, laissez-faire represents a nontransaction.

Fundamental to the full-range leadership model is that every leader displays each style to some amount. An optimal profile is shown in Figure 1. The third dimension of this model (depth) represents how frequently a leader displays a particular style of leadership. The active dimension is by self-evident definition; the effectiveness dimension is based on empirical findings.

In Figure 1, the leader infrequently displays LF leadership, higher frequencies of the transactional leadership styles of MBE-P, MBE-A, and CR. The transformational components are most frequently manifested. In contrast, as shown in Figure 2, the poorly performing leader tends toward inactivity and ineffectiveness.

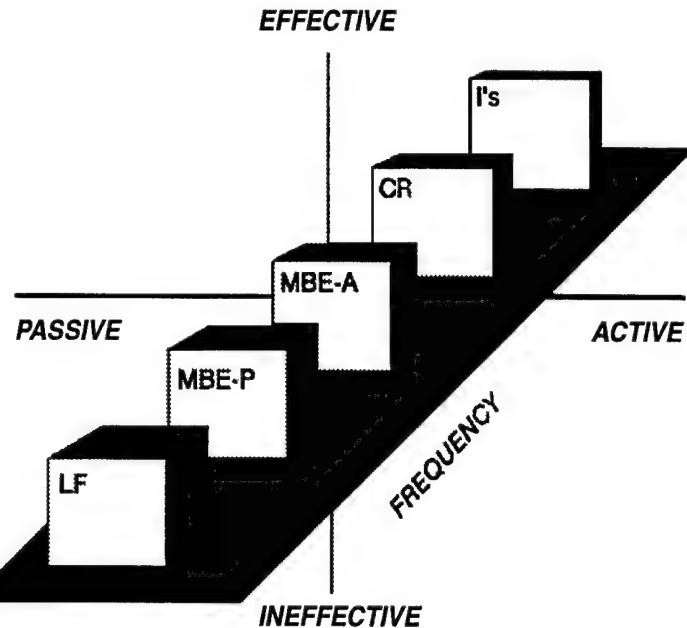
FIGURE 1
Optimal Profile



(From Bass & Avolio, 1994)

FIGURE 2

Suboptimal Profile



(From Bass & Avolio, 1994)

EMPIRICAL SUPPORT

Many research studies have been completed in business and industry, government, the military, educational institutions, and nonprofit organizations, all of them showing that transformational leaders, as measured by the MLQ survey instruments derived from the Avolio and Bass model, were more effective and satisfying as leaders than transactional leaders, although the best of leaders frequently do some of the latter but more of the former. Follow-up investigations have shown that developing transformational leadership with training in its four components can enhance effectiveness and satisfaction as a leader. These results are reflected in the models in Figures 1 and 2.

Correlations With Independent Criteria

Transformational leadership as measured by subordinates' ratings has been shown to correlate more highly than transactional leadership with various independent criteria. Thus 25 project champions based on interviews in 28 different organizations were shown to display more transformational behaviors than 25 matched non-champions (Howell & Higgins, 1990). Transformational mean scores were also higher among innovative school principals, Marine Corps commanders of more highly effective helicopter squadrons (Salter, 1989), Methodist ministers with greater Sunday church attendance and membership growth (Onnen, 1987), presidents of MBA teams completing complex simulations with greater financial success (Avolio, Waldman & Einstein, 1988), middle business managers with future financial success of their business units (Howell & Avolio, 1993), middle managers with better management committee evaluations (Hater & Bass, 1988), and junior Naval officers with recommendations for early promotion and better fitness reports (Yammarino & Bass, 1990a).

Meta-Analyses. The hierarchy of correlations in individual studies that is found in the correlation of the MLQ components with effectiveness is usually: charisma > individualized consideration > intellectual stimulation > contingent reward > managing-by-exception > laissez-faire leadership. Two meta-analyses have been completed which support the model. Lowe, Kroeck & Sivasubramaniam (1994) completed a meta-analysis of data for 2,873 to 4,242 respondents in public agencies and the private sector and showed that the correlation between each component of the MLQ generally was consistent with the model. Thus the mean corrected correlations with effectiveness for the public (including military) and private sectors were respectively: charisma, .74, .69; intellectual stimulation, .65, .56; individualized consideration, .63, .62; contingent reward, .41, .41; and managing-by-exception, .10, -.02.

Gasper (1992) completed a second meta-analysis of demonstrated transformational and transactional leadership pooling the transformational components in one composite and the transactional over in another composite. For 20 studies, the mean corrected transformational leadership correlated respectively .76, .71 and .88 with effectiveness, satisfaction and extra effort perceived by the followers. The corresponding corrected correlations with transactional leadership were .27, .22 and .32.

FURTHER ASSUMPTIONS AND PROPOSITIONS

Further specific theoretical and hypothesized propositions have been tested with affirmative results. Bass (1985) proposed an augmentation relationship between transformational and transactional leadership. It was suggested that transformational leadership augments transactional in predicting effects on follower satisfaction and performance. Specifically, in statistical terms, transformational leadership should account for unique variance in ratings of performance (or other outcomes) above and beyond that accounted for by active transactional leadership.

Waldman, Bass, and Yammarino (1988) reported evidence for the augmentation effect among various samples of industrial managers and military officers. The augmentation effect was also obtained by Seltzer and Bass (1990) for a sample of 300 part-time MBA students, each describing their superiors at their full-time working settings. For another sample of 130 MBAs, who each asked three of their followers to complete MLQs about them, the augmentation effect held up when one follower's leadership ratings and a second follower's outcomes were correlated. The same augmentation effect occurred when initiation and consideration, as measured by the Leader Behavior Description Questionnaire (LBDQ), was substituted as the measure of transactional leadership. These results demonstrate a fundamental point emphasized in the Bass (1985) theory of leadership: Transactional leadership, particularly contingent reward, provides a broad basis for effective leadership, but a greater amount of effort, effectiveness and satisfaction is possible from transactional leadership if augmented by transformational leadership. Finally, and as reported earlier by Howell and Avolio (1993), transformational leadership also augments transactional in predicting levels of innovation, risk-taking and creativity.

Transformational Leadership Can Be Either Directive or Participative, as Well as Democratic or Authoritarian, Elitist or Leveling

Critics have perceived transformational leadership to be elitist and antidemocratic. Indeed, particularly when dealing with charisma, Weber and his successors emphasized the extent that the leader directed his dependent followers out of crises with radical solutions to deal with their problems. Again, inspirational leaders were seen to be highly directive in their means and methods. The intellectually stimulating leader challenged his followers and the individually considerate leader could rise above the demands for equality from his followers to treat them differently according to their different needs for growth.

At the same time, such transformational leaders could share the building of visions and ideas that could be a democratic and collective enterprise. They could encourage follower participation in the change processes involved. In the same way, transactional leadership can be either directive or participative.

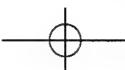
Table 1 illustrates formulaic statements illustrating that transformational and transactional leadership can be either directive or participative, democratic or authoritarian. We have found this theorization not only useful but essential to convincing trainees that transformational leadership is not a veiled attempt at resurrecting participative leadership. It can be participative, as well as more directive in orientation (Avolio & Bass, 1991).

TABLE 1

Descriptions of Participative Versus Directive Leadership
and the Components of the Full Range of Leadership

| | <i>Participative</i> | <i>Directive</i> |
|-------------------------------------|---|--|
| Laissez-Faire | "Whatever you think is the correct choice is OK with me." | "If my followers need answers to questions, let them find the answers themselves." |
| Management-by-Exception | "Let's develop the rules together that we will use to identify mistakes." | "These are the rules and this is how you have violated them." |
| Contingent Reward | "Let's agree on what has to be done and how you will be rewarded if you achieve the objectives." | "If you achieve the objectives I've set, I will recognize your accomplishment with the following reward..." |
| Individualized Consideration | "What can we do as a group to give each other the necessary support to develop our capabilities?" | "I will provide the support you need in your efforts to develop yourself in the job." |
| Intellectual Stimulation | "Can we try to look at our assumptions as a group without being critical of each other's ideas until all assumptions have been listed?" | "You must reexamine the assumption that a cold fusion engine is a physical impossibility. Revisit this problem and question your assumption." |
| Inspirational Motivation | "Let's work together to merge our aspirations and goals for the good of our group." | "You need to say to yourself that every day you are getting better. You must look at your progression and continue to build upon it over time." |
| Idealized Influence | "We can be a winning team because of our faith in each other. I need your support to achieve our mission." | "Alea iacta est" (i.e., "I've made the decision to cross the Rubicon, so there's no going back") "You must trust me and my direction to achieve what we have set out to do." |

(From Avolio & Bass, 1991)



Ideals and Self-Actualization

In Burns' (1978) conception of the transforming leader, clearly he had in mind the inspiring by the leader of followers to work toward transcendent goals, to work for the greater good beyond their own self-interests. At the same time he saw the transforming leader moving followers towards self-actualization. This could prove to be a conflict between follower's concern for their self-interests and their concern for larger causes. This conflict may be more a theoretical rather than realistic possibility. The extent leaders focus on individualized consideration (which presumably aims to elevate followers on Maslow's need hierarchy toward achievement and self-actualization) correlates positively with the extent they are inspirational (building enthusiasm, challenge and meaning).

Construct Validation of the Model

The components of transformational and transactional leadership and their meaning have been identified in a variety of ways: factor analyses, observations, interviews and descriptions of the ideal leader that people carry around in their heads.

Development of the MLQ. Burn's concept of the transforming leader was used to elicit accounts of leaders who fit the description. These were converted to 141 behavioral statements. Eleven judges agreed on 73 as transformational or transactional. Principal component factor analyses were completed of the frequency which 196 U.S. Army colonels said each of the items described one of their immediate superiors. Numerous subsequent factor analyses and more recent partial least squares analyses supported the components that emerged (Bass, 1985; Avolio & Howell, 1990).

Three factors were obtained whose items beforehand had been judged transformational: charismatic-inspirational, intellectually stimulating and individually considerate. Since the dynamics and literature on charisma and inspiration were quite different, we opted to maintain them as separate components. Salient in charisma is the identification of the follower with the charismatic and the desire to emulate him or her. Salient to inspiration is the providing of meaning and challenge to the follower. Leaders who do a lot of one are also likely to do a lot of the other, but the dynamics, content, focus, antecedents and consequences may be different.



The transactional items formed a factor of contingent reward, management-by-exception and laissez-faire. Subsequent analyses supported splitting management-by-exception into two components (Hater & Bass, 1988) and most recently a factor of empowerment has been split off from the laissez-faire leadership factor.

Diaries. Virginia Military Academy cadets reported in unstructured logs or diaries the leadership behavior they observed during a given set of days. These logs could be reliably scored in terms of all of the components noted earlier. These, in time, could be linked to independently obtained questionnaire results (Atwater, Avolio & Bass, 1991).

Interviews. Interviews with executives about the leadership they had seen produced numerous other behavioral examples of transformational leadership. *Charismatic leadership* was attributed to the interviewer's bosses for setting examples, showing determination, extraordinary talents, taking risks, creating in subordinates a sense of empowerment, showing dedication to "the cause," creating a sense of a joint mission, dealing with crises using radical solutions and engendering faith in the subordinates for the leadership.

Inspirational leadership included providing meaning and challenge, painting an optimistic future, molding expectations, creating self-fulfilling prophecies and thinking ahead. *Intellectual stimulation* was judged present when their superiors questioned assumptions, encouraged subordinates to employ intuition, entertained ideas that may have seemed silly at first, created imaginative visions, asked subordinates to rework the same problems they thought they had solved and saw unusual patterns. *Individualized consideration* was apparent to interviewees when their bosses answered them with minimum delay, showed they were concerned for their subordinates' well-being, assigned tasks based on subordinate needs and abilities, encouraged two-way exchanges of ideas, were available when needed, encouraged self-development, practiced walk-around management and effectively mentored, counseled and coached.

When peers of V.M.I. military cadet leaders were asked what characterized the important traits of a good leader, they tended to describe traits of inspiration, intellectual stimulation and individualized consideration such as: self-confidence, persuasiveness, concern for the well-being of others, the ability to articulate one's



ideas and thoughts, providing models to be emulated by others, holding high expectations for himself and others, keeping others well-informed, and maintaining high motivation in himself (Atwater, Lau, Bass, Avolio, Camobreco, & Whitmore, 1994).

The Full Range of Leadership Development Program (Avolio & Bass, 1991) begins with participants describing their implicit theories of leadership as evidenced by an ideal leader each has known. Invariably, for well over 1,000 trainees, the characteristics of the ideal leader has included the four components of transformational leadership and contingent reward.

Pseudotransformational Leadership

Charismatic leadership may be socialized or personalized. Socialized charismatic leadership is based on egalitarian behavior, serves collective interests and develops and empowers others. Socialized leaders tend to be altruistic and to use legitimate established channels of authority (McClelland, 1975; Howell & House, 1992). Personalized charismatic leadership is based on personal dominance and authoritarian behavior, is self-aggrandizing, serves the self-interest and is exploitative of others (McClelland, 1975). Personalized leaders rely heavily on manipulation, threat and punishment, and show disregard for the established institutional procedures and for the rights and feelings of others. They are impulsively aggressive, narcissistic and impetuous (Howell & House, 1992).

For me, originally the dynamics of transformational leadership were expected to be the same whether beneficial or harmful to followers (Bass, 1985), although Burns (1978) believed that to be transforming, a leader had to be morally uplifting. I have come to agree with Burns and now see that the personalized transformational leader is better conceived as a pseudotransformational leader. He or she may exhibit many transforming displays but cater, in the long run, to his or her own self-interests.

Truly transformational leaders transcend their own self-interests for one of two reasons: utilitarian or moral principles. If utilitarian, their objective is to benefit the organization, society, the group, the attachment to the social group that one is a member of, the collective of individual members; and/or to meet the challenges of the task or mission. If a matter of moral principles, the objective is to do the right thing, to do what fits principles





of morality, responsibility, sense of discipline, and/or respect for authority, customs, rules and traditions of a society. There is belief in the social responsibility of the leader and the organization. Tom Paine's writings illustrate the truly transforming leader in his appeals to reason in "*Common Sense*" and "*Age of Reason*," appeals to principle in his "*Rights of Man*" and his oft-quoted need for transcendence, "*These are the times that try men's souls.*"

Pseudotransformational leaders are self-oriented, self-aggrandizing, exploitative, narcissistic, power-oriented and openly talk about distorted utilitarian and warped moral principles.



SECTION 2

Commitment, Involvement, Loyalty and Performance

Introduction

In this section we will look at the contribution of transformational leadership to commitment and its concomitants of involvement, loyalty, satisfaction and the mechanisms underlying the process. Failure to provide meaning to their service and unmet expectations appeared most salient in the incidence of 649 administrative discharges from the U.S. Army in Europe for April 1978. A majority was disappointed, and confusion was a common expression during unstructured interviews (Manning & Ingraham, 1981). Transformational leadership, at all levels in the hierarchy, might have reduced this number considerably, for numerous independent studies have shown that commitment of followers is higher where their leadership is more transformational. Thus, in a doctoral dissertation, Pitman (1993) showed how much the commitment of 245 white collar workers in six organizations correlated with various measures of transformational leadership among their supervisors. The Multifactor Leadership Questionnaire scales of charisma and inspiration correlated .40 with commitment to stay and .24 with commitment to organizational values. The Conger-Kanungo scales (Conger & Kanungo, 1988) that measured such transformational attributes as vision, articulation, sensitivity, unconventional behavior, taking personal risks and not maintaining the status quo correlated .38 with commitment to stay and value commitment. The correlation of commitment was .23 to organizational values.

Even where commitment to unionism and willingness to vote to support the union are strong, actual participation in union activities remain low. Nonetheless, when there is a lot of contact with shop stewards by rank-and-file employees, participation in union activities is increased if the stewards have exhibited transformational leadership as measured by 15 items of charisma, inspiration, intellectual stimulation and individualized consideration.

...most striking ... is the pervasive effect exerted by perception of the stewards' (transformational) leadership styles. Members' perceptions of shop stewards' leadership styles predicted members' loyalty, sense of responsibility and actual participation in union activities. (Kelloway & Barling, 1993, p. 263)

Fullagar, McCoy and Shull (1992) noted that the loyalty toward the union of 70 electrical apprentices was related to the transformational characteristics of the socializing agents.

A study involving 846 in 89 secondary schools in Singapore likewise demonstrated that commitment to the organization and related citizenship behavior and job satisfaction was significantly greater when the principals were described by the teachers as more transformational on the MLQ scales (Koh, 1990).

Commitment may also be a matter of attachment to supervisor and work group and/or attachment to senior management and the organization (Becker & Billings, 1993). Niehoff, Eng and Grover (1990) surveyed 862 insurance company employees in various positions at the home office and in the field. Commitment to the organization was positively affected by the extent top management inspired a shared vision ($r = .58$), encouraged innovativeness ($r = .69$), and supported employees' efforts ($r = .32$). Commitment and job satisfaction correlated .75. Intentions to quit, job satisfaction and prosocial behavior likewise depend on the nature of the soldier's commitment. Transformational leadership by the immediate superior can enhance local commitment and help in commitment to the organization, but transformational leadership at the top of the organization is likely to be needed for commitment to extend to the organization as a whole.

New Kinds of Confrontations for the Military

Gal (1987a) pointed out that the nature of wars has changed in recent years. The U.S. in Vietnam and the Israeli incursion into Lebanon in 1982 were cited as examples of wars lacking the public consensus about goals, lack of civilian support for political and military decisions which undermined the strength of the soldiers' and commanders' beliefs. This was in contrast to public support in earlier wars. Troops in these earlier wars did not question their legitimacy and rarely disobeyed orders, assaulted officers at the battle front, or engaged in protests for ideological reasons as occurred in Vietnam and Lebanon.

Increasingly, complicated deterrent postures are required of the military. For example, constabulary actions (Janowitz, 1960) are required of the Army such as in Somalia and Haiti where peacekeeping may turn into battles. Goals are less clear and undefined. The fighting ethic is upset. Better educated and more sophisticated youth require some way of identifying and supporting the decision process, not merely complying blindly in executing orders. Education produces a more thoughtful, slower and less predictable response to unclear and less well-defined situations where training produces the quicker, unthinking response likely to be correct if the situation has been well defined (O'Rourke, 1985). The "fighting man" cannot be divorced from the "thinking man." The battlefield increasingly becomes more lethal, intensive, individual, and small-unit oriented (Sarkesian, 1986).

Commitment and Military Motivation

Gal (1987) argued that the older models of leadership of path goal or situational leadership did not address the needs for soldier and officer commitment which could be met by the newer model of transformational leadership. For Gal, commitment is a central concept in military motivation in contrast to the earlier emphasis on compliance through obedience. The will to fight may still be lacking without commitment. "It is the commitment to the point of death which creates the unlimited liability clause of military members" (Hackett, 1979). And for such commitment, Gal (1987) argues strongly that transformational leadership is needed at all levels.

Commitment is the backbone of the military profession. For most military professionals, belonging to the armed forces is not merely a question of a place to work, a job, or an occupation. It is a way of life and frequently a lifetime commitment....

Commitment can be a very powerful motivation, more so than a paycheck, especially when military activities involve high risk, extreme demands, and severe stress. Obedience and compliance with orders and commands becomes the key to organizational functioning. Obedience and commitment can be considered as the two modes of military compliance.... (Gal, 1985, p. 1)

Obedience is initiated by fear and punishment during the early phases of socialization into military life

(highly transactional; coupled with increasing substitutions of rewards of recognition, badges, promotion, etc.). It is enhanced by threat and sanction and instilled through endless drills and orders. Obedience is gradually replaced by internalized patterns of behavior that become autonomous... Even when the legitimacy of an organizational goal is questionable, if behavior is motivated by obedience, well indoctrinated soldiers will continue to comply even though orders are debatable. Military obedience succeeds in shielding soldiers from conflicts emerging from concerns about the legitimacy of missions. Thus, fear and external power predominantly generate military discipline and its obedient behavior... obedience is essential for good performance, efficiency, and mission completion as well; without it, the whole military structure would collapse.

However, obedience can be a double-edged sword, especially when it becomes blind... under certain circumstances most individuals can be pushed to the point of fully obedient behavior despite their doubts or distress. ...acting in obedience to a perceived legitimized authority, individuals can lose all sense of responsibility for their most destructive acts.... (Gal, 1985, pp. 1-2)

Facets of Commitment

There are three facets of commitment within the military: organization, career, and moral. Organizational commitment is to the organization's goals, purposes, and norms. Career commitment is to one's own success, and moral commitment is to the basic moral codes that one believes in and for which one will sacrifice (Sarkesian, 1981). The three facets need to be in alignment for the military professional to be in harmony with his or her organization. For those in command position, there is commitment to one's men, one's unit and one's task. Commitment, according to Gal, derives from one's own internalized sense of duty, responsibility and conviction. Orders do not come from a single external source as in the case of obedience, but reflect the interaction of beliefs, values and conscience.

An important aspect of transformational leadership is developing, maintaining and enhancing this alignment. Flowing from this alignment are societal and organizational goals comple-

menting the professionals' values and norms, making them willing to devote themselves, or even sacrifice themselves, to attain the goals. Transformational leaders' commitment additionally includes the feelings of responsibility for personnel and task which responsibility derives from the leader's own conscience and internalized values. When the three modes of commitment are out of alignment, the leader and the soldier may fall back on obedience, serve their most important commitment or rationalize their actions as matters of obedience and professional loyalties (Gal, 1985).

Commitment to the organization, to career and to moral values will differ systematically if the leadership generating the commitment is socialized or personalized. Clearly both trained obedience and educated commitment are needed in the military. While obedience is maintained through transactional corrective processes of managing-by-exception and more constructive contingent reward, being led by sticks and carrots does little for one's self-esteem or commitment. In fact, it may hurt one's feelings of self-worth and serve to reduce one's sense of commitment.

Impact of Transformational Leadership

Obedience and/or commitment based on the faith and confidence in the charismatic leader may be somewhat different in its effects. Exerting extra effort to show support for the leader, wanting to emulate the leader to emotionally identify with him or her, may maintain obedience without loss of any sense of self-esteem. In fact, self-esteem is likely to be enhanced in identifying with the goals, interests and values of the charismatic leader. Moreover, commitment to the organization and its goals is enhanced by the extent the leader is engaging in inspirational behavior which provides meaning for the soldier in the organizational mission and challenge for accomplishing it. Physical and emotional excitation is aroused in the process. Military values and beliefs are shared. Felt responsibilities are encouraged by the transformational leader.

The inspirational leader works to move subordinates to consider the moral values involved in their duties as citizen soldiers. Cromwell's New Model Army became invincible as its soldiers saw themselves fighting for the cause of righteousness and freedom from royal tyranny.

The transformational leader, whether a corporal leading a squad or a commanding general leading an Army, further

increases commitment by employing intellectual stimulation. The education and concerns of the soldier are enlisted in a joint effort to deal with problems in a creative way. Unusual approaches emerge such as when a U.S. non-com reframed a problem when challenged and figured out how to quickly convert tanks into bulldozers to cut through the Normandy hedgerows and was empowered to do so. Pride in the actions of all those involved as well as joint success in overcoming obstacles are combined. Commitments are reinforced.

Individualized consideration at all levels also enhances commitment. Subordinates feel their personal career needs are being met. Additionally, the coaching and mentoring provided them by their superior provides them with a sense of increased competence to carry out orders. Indirect evidence of the importance to military commitment of perceiving fulfillment of training goals was provided by Tannenbaum, Mathieus, Salas & Cannon-Bowers (1991). For 666 military trainees in socialization training, post-training organizational commitment was related to training fulfillment as well as motivations and self-efficacy.

THE DYNAMICS OF TRANSFORMATIONAL LEADERSHIP AND COMMITMENT

A Charismatic-Inspirational Approach

Shamir, House & Arthur (1993) explained the dynamic mechanisms involved in transformational leadership, particularly charismatic leadership as defined in House (1977) which included the components of idealized influence, inspirational leadership and intellectual stimulation. We are practical and goal-oriented, seeking rewards and avoiding punishments. But we also express feelings, aesthetic values and self-concepts to recognize and affirm our attitudes, beliefs and values. We are motivated to maintain and enhance our self-esteem and sense of competence to cope with our environment. Meaning is provided in the continuity of past, present and future and the match between our behavior and our self-concept. Our self-concept is a composite of our identities as members of a nationality, social group, sex, etc., some of which are more important to us than others. Faith as well as rational calculation motivates us. Given this appreciation of human nature, it becomes possible to understand the different effects of transformational and transactional leaders on commitment.

By emphasizing the symbolic and expressive aspects of the effort, the important values involved, the transformational leader makes a moral statement. In contrast, the transactional leader stresses benefits to satisfy the self-interests of the follower. For the transformational leader, participation in the effort becomes an expression of membership and identity with a social collective. The salience of that identity is increased in the follower's self-concept which subjects the follower to social and psychological forces enhancing his or her commitment.

The followers' self-esteem is reinforced by the transformational leader by expressions of confidence in the followers. High expectations are set by the transformational leader, which induces greater commitment to the effort. This Pygmalion effect, for instance, showed that when Israeli artillery trainees were told they had been especially selected for their assignments because of their aptitude scores indicating they would do very well, they demonstrated a much better record of hits than those told they had been selected on an accidental basis (Eden & Shani, 1982).

By articulating a vision or a mission, the transformational leader increases the intrinsic value of goal accomplishment. Going beyond a transactional leader's specifying and clarifying the goals, the transformational leader presents the values in the goals. Accomplishment of the goals becomes more meaningful and consistent with the self-concepts of the followers. Emphasized also by the transformational leader is the importance of the goal as a basis for group identity further connecting self-identity with group identity.

Transcendental elements in human aspirations which go beyond rational calculations are dwelt upon by the transformational leader. If charismatic, they personify these transcendental desires and are viewed as "larger than life." An irrational bond is created between the leaders and the followers providing the followers with transcending "the reasonable."

Charismatic and inspirational leaders instill faith in a better future for the followers in terms of their self-expression, self-evaluation and self-consistency. Followers attribute their own extra effort to internal self-related causes rather than to extrinsic rewards, further adding to the followers' commitment to the "cause," and to vague and distal goals. Faith in a better future is an intrinsically satisfying condition in itself.

Transformational Versus Pseudotransformational Leaders

The concept of the pseudotransformational leader was introduced in Section 1. Truly transformational leaders are socialized. Commitment, involvement and loyalty from followers will derive from the truly transformational leader's referent power and esteem. At the other extreme are coercive, pseudotransformational leaders who are personalized in outlook. They use their power to reward and punish in arbitrary ways to dominate their followers. They tend to be authoritarian in attitude, self-aggrandizing and exploitive of their followers. Manipulation, threat and promises are used to induce compliance. Punishments may be capricious and non-contingent. They can be pseudotransformational in that followers fear loss of support from the powerful figures. Such tyrants are narcissistic, impetuous and impulsively aggressive. They bring about obedience and compliance in followers but it is less likely to be internalized. Commitment is public but not private. Commitment, involvement and loyalty derive from dependence on the leader resulting from fear of punishment or loss of the leader's affection.

Truly transformational leaders such as Mahatma Gandhi or Martin Luther King appealed ideologically to a better future for their followers without harming others. They talked about universal brotherhood. Such leaders looked to developing their followers and stimulated them intellectually. Personalized pseudotransformational tyrants demand domination over others at the others' expense. Of Kelman's (1958) three different influence processes, compliance, identification and internalization, socialized leaders try to achieve internalization. Convergence of values between leaders and followers is stressed. Personalized tyrants emphasize compliance (transactional) and identification (pseudotransformational). They demand unquestioning obedience. Pseudotransformational personalized leaders bring about change by articulating goals that are ethnocentric and/or xenophobic deriving from the leaders' personality needs and motives. Influence is achieved through personal identification with the leaders, dependence on them for approval, and the need for followers to devote themselves to the leaders' interests.

In contrast to the commitment of followers that can be achieved by the socially oriented transformational leader, commitment under personalized pseudotransformational leaders is likely to be ephemeral for most followers lasting only as long as



the leader can continue to induce fear and promise in the followers either directly or as a consequence of conditioning. Furthermore, when commitment is a consequence of the power of a coercive leader, it may generate hostility, withdrawal and over-reaction (Bass, 1960).

In achieving internalization and commitment in followers the socialized transformational leader fosters changes in their self-concept. Their self-concept becomes closer to that of the leader. There is a greater sense of a collective identity and collective efficacy. Self-worth is enhanced. There is a drive to maintain consistency between their actions and their self-concepts. They are more committed to their roles. The meaning of their actions, roles and identities come closer together. Self-efficacy and collective efficacy are enhanced (Shamir, House & Arthur, 1993).

Transference

Kets de Vries (1994) likens a leader to a psychiatric social worker who can become a container for the emotions of his subordinates. The empathy of the leader seen as individually considerate makes this kind of effort. As a consequence, some psychodynamic transference may result which in turn promotes the subordinates' attachment to the individually considerate leader and the leader's organizational interests.

Perceived Leader Competence

The charismatic component of transformational leadership involves a variety of dynamics, one of which that enhances the commitment of followers to charismatic leaders is the followers' perception of the competence of the leader. In turn, the leader "creates the impression of competence and success" (House, 1977). So following the transformational leader is seen by followers as a way to ensure their own competence. Leaders "communicate high expectations of, and confidence in followers" (House, 1977) generating the Pygmalion effect (Eden & Ravid, 1982). Followers are moved to fulfill the leader's prophesies of confidence in them. The followers accept the leader's goals and believe they can contribute to reaching the goals. Their motivation to achieve the goals is aroused.

Disinhibition

Disinhibition in the followers may occur when they endow the leader with charisma and become emotionally aroused. In their excitation by the leader, their judgments may be restricted and their inhibition reduced (Schiffer, 1973). "The sense of reality of the charismatic leaders and their followers are inordinately affected by psychodynamic mechanisms such as projection, repression, and disassociation" (Bass, 1985, p. 56). The charismatic leader may become a catalyst for rationalization by the followers as they develop shared norms and fantasies about the leader and what the leader can accomplish for them. Charismatic leadership is most likely to emerge when followers are under stress or in a state of crisis. The charismatic leader has the temerity to propose radical solutions to deal with the stress or crisis, which further enhances his or her esteem in the eyes of the followers (Weber, 1924/1947). The more general effects of transformational leadership on stress and crisis conditions is the subject of Section 3, the next section.

Moral Commitment

Transformational leadership does not stop with the successful elevation of followers from lower level to higher level needs and the enhancement of follower performance beyond what would be expected from contingent reinforcement. Awareness and consciousness are aroused about organizational goals. A shared agreement is developed that bonds leader and followers in a moral commitment to a cause which goes beyond their own self-interests. Moral leadership is achieved (Burns, 1978; Sergiovanni, 1990). Transformational leadership is moral authority for Sergiovanni (1990) which unites leaders and followers in pursuit of higher level common goals. Although common purposes may start as separate aims, he concluded "When moral authority transcends bureaucratic leadership in a school, the outcomes in terms of commitment and performance far exceed expectations" (p. 23).



Acknowledgements

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Performance Beyond Expectations

Shamir, House and Arthur's (1993) formal theory presented earlier explains how and why transformational leadership moves followers to exceed expectations in performance. Such performance is beyond what would be motivated by transactional leadership. Continued dependence on rewards and punishments, contingent on satisfactory performance, leaves the follower feeling less adequate than where the follower's self-esteem is engaged by the challenges of the mission as set forth by the transformational leader, the identification of the follower's self with the successful leader and team effort, the exciting experience of unexpected discoveries and the sense of empowerment as a mature adult rather than continued treatment as an immature child. Thus, commitment of followers is enhanced by transformational leaders in that the leaders increase the sense of self-worth among the followers for such commitment, internalize the favorable attitudes of the followers toward achieving the collective's success, create in followers the desire to emulate the leaders and by their commitment show their support for the leaders.

SECTION 3

Stress and Transactional/ Transformational Leadership

Why is stress greater under transactional leadership? Given what is known, it may be easier to answer the question by asking what about transformational leadership serves to relieve distress and reduce or resolve conflicts.

Leadership and Stress

Stress arises when well-being is threatened. Groups and organizations will experience stress when confronted with threats to their steady states of well-being. In many instances, leadership makes the difference in coping with the stress. Decision-making is likely to suffer unless effective leadership is provided which can help foster the quality of the decision. In the acute stress of emergencies and disasters, panic will be prevented by leaders who encourage advanced preparation and well-trained, well-organized, credible systems. Chronic stress will be better handled when leaders are able to transform personal concerns into efforts to achieve group goals.

Such leadership is transformational, particularly charismatic and inspirational, and has been shown to reduce feelings of burn-out and symptoms of stress in professionals. Confidence in such transformational leadership is particularly important. The charismatic leaders are able to maintain extraordinary presence of mind in the face of such threats and crises.

Stressing environments can be characterized by uncertainty, volatility, and turbulence. In combat, dealing with surprise and unforeseen contingencies is critical. In business, start-up ventures, mergers, acquisitions and divestitures, economic downturns, new competitive challenges, erosion of market share, and rapid changes in technology can create stresses and dislocations in organizations. Under crisis ridden or uncertain conditions, transactional leaders who are reactive and depend on old rules

and regulations to maintain and control the system are unlikely to help followers to cope with the situation as would transformational leaders who are proactive, break with tradition, provide innovative solutions, and institutionalize new arrangements (Bass, 1990).

In the Military. In combat, visible inspirational leadership may make the difference between complete victory and overwhelming defeat. "A rational army would run away," declared Montesquieu. A twitch of emotion may change an intact command into an army in rout (Keegan, 1987). A visible transformational leader can make the difference between a rout or a rally. Sheridan riding back to rally his retreating troopers illustrated the importance of the leader's visibility in sharing the risk and turning attention away from "sauve qui peut" to moving forward to attack the enemy. The Israeli Defense Forces requirement that leaders be in front of their troops to be able to say "follow me" likewise points to the significance of the leaders' importance in visibly supporting their units and setting the example to be followed in risky situations (Gal and Jones, 1985).

Repeated observations indicated that the disruption of leadership during combat was one of the factors responsible for psychiatric breakdowns in battle along with other aspects promoted by transformational leadership such as group identification and group cohesiveness. Again, Steiner and Neuman (1978) noted that following the 1973 war, Israeli soldiers suffering psychiatric breakdown lacked trust in their leadership and did not feel they belonged to their combat units. Their self-esteem for their military performance was low. Clearly, transformational leadership was missing for them.

Confidence in their commanders was critical to Israeli soldiers' morale in the 1982 Lebanon excursion. Again, transformational leadership was the key, for the three elements inspiring confidence in the commander were belief in the commander's professional competence, belief in his credibility, and perception of how caring he was.

In Industry. The Chief Executive Officer (CEO) of Silicon Graphics illustrates the importance of a transformational leader in stressful, crisis, and chaotic conditions. Silicon Graphics is one of the fastest growing computer companies in the U.S. It is in an industry in which international competition is "fast and

ferocious." The CEO has created within the organization a relaxed, individually considerate, corporate atmosphere where people dress casually and have off-beat fun. He has a steady low-key personality. He intellectually stimulates employees to think creatively. Trust is emphasized as a way to make it possible to "thrive on chaos." The calming effect of the CEO who encourages "serious fun" appears to be an important factor in working in an environment where change is the norm.

In the University. Neumann (1992) pointed out how college presidents can use the college budget to induce feelings of financial stress, which heightens the budget's symbolic meaning for the faculty. The faculty will expect and call for transformational leadership to deal with the pressure. In one case of financial crisis, a president emphasized intellectually stimulating meaning and challenge in his leadership. He laid out the steps which might be taken and sought a faculty consensus. In a second case of financial crisis, the president was more transactional. He focused attention on documentation, numbers, codes and technical terms. He didn't try to organize or mobilize the faculty's thinking on what was to be done. The first president who provided interpretation, meaning, structure and implications for the future was seen as more effective by the faculty in dealing with the financial crisis than the second president who concentrated on financial analyses.

In Teams. For conflict within teams and small groups, there are a number of ways that transformational leadership contributes to the resolution of the conflicts. For example, the inspirational leader creates a positive, optimistic environment for identifying the conflict and an expectation of its resolution. Search for superordinate goals is encouraged that transcend the differing objectives of the opposing parties.

The intellectually stimulating leader moves the team to define the conflict, to identify the facts and opinions, to determine the desired results, and to obtain open statements of opinions (for which trust of the transformational leader is needed). Different solutions with transforming superordinate goals need to be kept in mind, as well as how they will be implemented and evaluated (Atwater & Bass, 1994).

In Relations With One's Boss. Cognitive Resources Theory suggests that the highly intelligent but inexperienced leader will be ineffective when in conflict with his or her boss. Much more

effective will be the experienced, but not as highly intelligent, leader facing the same conflict with superiors (Fiedler, 1986). Consistent with Cognitive Resource Theory (Gibson, Fiedler and Barrett, 1993) showed that experienced rather than highly intelligent leaders are intellectually stimulating in that they promote creativity in the groups they lead when the leaders are under stress due to conflict with their immediate superior. In such circumstances, the more intelligent leaders are not only less intellectually stimulating as evidenced by the lack of creativity of the group but also the intelligent but inexperienced leaders actually inhibit the group's functioning. There is much babble by the leaders and the groups—much more talk and many fewer ideas generated under such stressful conditions.

Leadership and Crises

Crises call for special leadership talents.

'Crisis' refers to a situation facing an organization which requires that the organization, under time constraints, engage in new, untested, unlearned behaviors in order to obtain or maintain its desired goal states ...

... a crisis requires uncertain action under time pressure. When uncertain action is required without time pressure, the situation may be viewed as a problem rather than a crisis. When required actions and outcomes are known but when time pressure exists, organizations (can) engage standard, albeit critical, procedures or routines. (Krackhardt & Stern, 1988, p. 125)

In such organizational crises, Krackhardt and Stern emphasize the importance of adaptation and cooperation, which in turn, requires trust and friendly relationships. Such trust can be created by charismatic and/or inspirational leaders and such relationships can be developed by individually considerate leaders. This would suggest that the organization would be in better shape to handle crises, uncertainty and threats of required change if headed by transformational leaders.

The Dynamics of Charisma and Crisis

Weber (1924/1947) noted that charismatic leaders are likely to emerge during times of instability, crisis and turmoil. Such times increase the feelings among people of helplessness, agitation, anxiety and frustration. They accept the directions of charismatic leaders who appear to be qualified to lead them out of their distress. This potential for reducing stress creates the

special emotional intensity of the charismatic response ... Followers respond to the charismatic leader with passionate loyalty because the salvation, or promise of it, that he appears to embody represents the fulfillment of urgently felt needs. (Tucker, 1970, p. 81)

Those under stress and seeking relief from it readily respond zealously to leaders who strengthen their faith in that relief. By calling for a transcendental goal or innovative inspirational mission to relieve the stress, charismatic leaders induce renewal and mobilize collective effort to face the stress or crisis. Radical changes and bold, unconventional actions are advocated consistent with their own ideologies, values and beliefs. Without such collective perception of crisis or stress, charismatic leadership is less likely to appear. There is no need for an exceptional leader with radical solutions. Under such circumstances, the charismatic is too unsettling and likely to be seen as a disturber of stability, continuity, and certainty (Conger & Kanungo, 1988; Howell, 1988).

Nonetheless, charismatic leadership does occur in the absence of crisis or distress. Personally seeking to shake up the status quo, charismatic leaders, particularly the pseudotransformational personalized ones, identify and exaggerate existing shortcomings in the situation and the grievances of followers. They create dissatisfaction with the status quo so that followers are motivated to accept the radical solutions that the charismatic leaders advocate to eliminate the distressful problems (Conger & Kanungo, 1988a).

Some of the stress and sense of crisis of charismatic leaders, particularly those at the head of organizations, may be felt by themselves as they manufacture it for their followers. There is the well-known experience of loneliness of command. They may find themselves, when at the top, without the collegial supports to which they had been accustomed. Each of their moves carries a lot of responsibility and symbolic meanings. Their own dependency needs cannot be met. Yet they also are envied their power and position, which can be a cause of anxiety for them. There is fear of losing their power and position because of the envy, and a dysfunctional consequence is the fear of being too innovative and too successful. A cause of depression and possible adventurism for those who are at the top is the feeling that there is nothing else to strive for (Kets de Vries, 1994).

Rationality Versus Irrationality

Janis and Mann (1977) argued that the completely rational approach to an authentic threat requires vigilant responses—a full examination of objectives, of values, and of alternative courses of action. Costs and risks of various alternatives should be weighed. A final choice should be based on a cost-benefit analysis. Careful development, implementation, and contingency planning are also part of the vigilant response to threat. But such vigilance, thorough search, appraisal, and contingency planning will be short-circuited by the emotional arousal of the side-effects of the impending threat observed in the irrational reactions to crises. These defective reactions include the fixed adherence to the status quo, a too hasty change, defensive avoidance, or panic. Whether formal or informal, leadership will make a difference in whether followers act rationally or irrationally in coping with stress and crisis conditions.

For instance, in times of crisis, informal leadership is likely to emerge if the formal authorities and emergency services cannot deal with the crisis events. The direct removal of the threats and obstacles that are the source of stress may be facilitated by supportive (individually considerate) informal leadership. Pseudo-transformational leaders who seize power may increase the stress and increase anxieties. Anxieties may be reduced by providing supportive, individually considerate leadership, resulting in an increasing sense of security.

Transformational Versus Transactional Leadership

Leaders can help their groups in many ways to cope with stress. For instance, individuals, groups, or organizations may be frozen into inertia and disbelief in facing a crisis in which they are seriously threatened. They may be aroused and alerted by inspirational leaders. The transactional leader who concentrates on simple rewards and punishments and the demands by followers for immediate gratification will be prone to accept hasty, poorly thought-out decisions. Despite the public pressure to "act now," transformational leaders are more likely to delay premature choice among options and call for reconsideration of proposals.

When their followers are engaged in defensive avoidance, transformational leaders bring them back to reality. Panic can be reduced or avoided by inspirational leadership that points the way to safety. In general, groups with leaders, transactional or transformational, are likely to cope better with stress than those without such leadership. More directiveness will be expected and desired from leaders by groups and organizations under stress. During times of social stress, inspirational leadership will be expected that revises missions, defines common objectives, restructures situations, and suggests solutions to deal with the sources of stress and conflict (Downton, 1973). But, as we shall also see, while such directive leadership is most expected, desired, and successful in influencing the course of events when stress is high, it may not always be effective in coping with the stress.

Leaders as the Cause of Stress. Indeed, leadership may contribute to stress. Personalized, self-aggrandizing, charismatic leaders can cause more stress among their followers, for instance, when they excite a mob to take too hasty actions. Pseudotransformational political leaders manufacture crises to enhance their own power, to divert public attention from real problems, and to gain public support for their own arbitrary actions. Thus, leadership may be the cause rather than the amelioration of stressful conditions that result in emotionally driven actions by the followers and poorer long-term outcomes. And the leaders who emerge are likely to be different from those in unstressed situations. They may actually contribute to the stress.

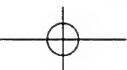
Transactional leaders, particularly those who rely on managing-by-exception, who emphasize reactive corrective actions, may increase stress in their followers; transformational leaders who emphasize charismatic, inspirational and individualized consid-

eration, and proactive vigilant solutions are likely to reduce the feelings of stress in their followers. As noted in the preceding section on commitment, transformational leadership raises the self-esteem of followers. Transactional leadership that is coercive in its promises and threats does the opposite, lowering the self-esteem of followers who feel stressed, subjugated and victimized by the coercive leader.

Seltzer, Numerof, and Bass (1989) found that, when other factors were held constant, transactional leaders, those in particular who practiced management-by-exception, increased the felt stress and job "burnout" among their subordinates. In a series of experiments, Misumi (1985) showed that production-prodding leadership with instructions such as: "work more quickly," "work accurately," "you could do more," "hurry up, we haven't much time left," generated detectable physiological stress symptoms. Systolic and diastolic blood pressure increased in experimental as compared to control subjects as did galvanic skin responses. In similar experiments, production-oriented leadership caused feelings of hostility and anxiety about the experiments.

Abrasive leaders use their power to coerce their followers. They cause stress. For many subordinates, their immediate supervisors may be the most stressful aspect of the work situation (e.g., Herzberg, 1966). Tyrannical bosses are frequently mentioned as a main source of stress on the job. This becomes most extreme when the transactional leader says, "Either you do as I say or else...." Such leaders base the transaction or exchange on the power to coerce their followers (Bass, 1960). The leaders themselves may be personally more prone to stress. Sanders and Malkis (1982) found that Type A (stress-prone) personalities were nominated more often as leaders than Type B's. However, the fewer Type B's who were chosen as leaders tended to be more effective as individuals in the assigned task than were the Type A leaders.

Faulty Decision-Making. Leaders stressed themselves generate faulty decision-making. Careful analysis and rational calculation based on learning and experience, is replaced in stressed leaders by unproductive, intuitive reactions which satisfy their immediate emotional needs rather than the realistic demands of the situation. Calamities of famine, war, and revolution intensify emotional arousal, distort cognitive processes, focus attention on the calamity, withdraw attention to the rest of the environment, speed up disintegration of the self, and reduce rationality of behavior (Sorokin, 1943).



SUCCESSFUL BUT NOT NECESSARILY EFFECTIVE LEADERSHIP IN STRESS SITUATIONS

Transactional leadership may succeed when followers are under stress. That is, the followers are influenced by the leader's promises of escape from the stress and threats that failure to follow the leader will increase stress. For instance, such leadership can point the way to escape from a panic and can help the followers to avoid disaster. But such leadership can also influence followers to take actions in particular ways which may not be most effective in helping followers to reach their goals. Without the needed articulation of mission and leader support for deliberation, faulty decisions made too hastily and defensive reactions among followers may ensue. Individualized consideration, in the form of consultation, will decrease instead of increasing.

Hasty Decision-Making. When followers are under stress, speedy decisions are likely to be readily accepted. Followers exchange their desires for deliberation, participation and time to reflect for the promise of speedy delivery from the distressing conditions. But speedy decisions do not necessarily provide the best solutions to the problems facing the followers. The speed of the decisions may result in inadequate solutions to the stressful circumstances. The decisions are likely to lack the inclusion of careful structuring and support. Generally rapid decision-making is sought in crisis and disasters and will be effective if the decisions are not hastily made at the last minute but are based on advanced warning, preparation, and organization, along with commitment and support.

In emergencies, when danger threatens, subordinates want to be told what to do, and in a hurry. They believe that they have no time to consider alternatives. Rapid, decisive leadership is demanded. Leaders who fail to make decisions quickly would be judged as inadequate. Leaders speed up their decision-making as a consequence of stress and crises. Failure to do so leads to their rejection as leaders. Acceptance of their rapid, arbitrary decisions without consultation, negotiation, or participation is also increased. A leader who can react quickly in emergencies will be judged as better by followers than one who cannot (Korten, 1962). Taking prompt action in emergency situations differentiated those judged to be better military officers from

those judged as worse in performance. Particularly at lower levels in the military organization, underscored is the rapidity of response to orders from higher authority. This is despite the fact that most units seldom operate under combat conditions (Stouffer, Suchman, DeVinney, Star, & Williams, 1949).

Where rapid decisions are called for, executives are likely to manage-by-exception. The more organizations wish to be prepared for emergency action, the more they are likely to stress a high degree of structure, attention to orders and active managing-by-exception by their supervisors. When 181 airmen gave their opinions about missile teams, rescue teams, scientific teams, or other small crews facing emergencies, the majority to two-thirds strongly agreed that they should respond to the orders of the commander with less question than under normal conditions. In an emergency, the commander was expected to "check more closely to see that everyone is carrying out his responsibility" (Torrance, 1956/1957). Similarly, Mulder, deJong, Koppelaar, and Verhage (1986) reported that Dutch naval officers were more favorably evaluated by their superiors and subordinates if they used their formal power when facing crisis situations. More direction was sought from the officers akin to contingent reinforcement using the power to reward and discipline.

But the more arbitrary decision-making may prove costly. Thus, in three research and development organizations, stress was caused by a reduction in available research funds. This resulted in strong internal pressures for controls on spending and top management control and direction. There was a reduction in individualized consideration reflected in reduced consultation with the researchers. Subsequently, researchers' satisfaction and identification with the organization declined.

To conclude, directive leadership will be preferred and successful in influencing followers under stress. Hasty decision-making is likely to be promoted possibly providing instant or temporary relief, but which may fail to deal with the root causes of the stress. Such leadership may be counterproductive in the long run.

Defensive Avoidance. As already noted, often it is the political leaders themselves who contrive the threats, crises, and ambiguities. For millennia, pseudotransformational political leaders have used real or fictitious threat as the way to increase cohesion

among their followers and to gain unquestioning support for themselves. Often, such leaders arise in crises of national weakness, dislocation, and a breakdown of institutions. They provide ready-made immediate solutions that soothe, flatter, and exalt the public. Defensive avoidance is promoted. Blame is directed elsewhere. The same leaders also are transactional when they say: "If you follow me and do exactly what I say you will escape harm from the forces that I've told you are threatening your well-being." The success in being influential of such leaders will depend on how charismatic and inspirational they are able to be, but they are unlikely to be effective in the long run in dealing with the true problems.

Even when business and government leaders are seen to consult and share decisions with subordinates in times of crises, often it is because they seek support from their subordinates about the wisdom of the solutions the leaders have already chosen. Also, the leaders want to spread the responsibility for the decision from themselves to their group.

STRESS AND EFFECTIVENESS AS A LEADER

By leadership that is effective in coping with stress, we mean leadership that results in rationally defensible quality decisions, appropriate use of available information, skills and resources, and enhanced performance of followers in reaching their goals despite the threats and obstacles to doing so. Such effective coping with stress may come from changing the leaders (Hamblin, 1958), but more often as a consequence of transformational leadership.

Combat

As noted earlier, in combat, less stress will be found in soldiers with confidence in their commanders (Gal & Jones, 1985). This confidence derives from the demonstrated professional competence of the commander (charisma), from belief in his credibility (inspiration), and from the soldiers' perception that the commander cares about his troops (individualized consideration). Under continuing combat stress, professional competence becomes particularly important according to a study of Israeli soldiers in Lebanon in 1982.

Teams Under Stress. After reviewing some of the literature, Burgess, Salas, Cannon-Bowers & Hall (1992) formulated training guidelines for leaders of teams under stress. The strategies they presented included such transactional approaches as: the contingent rewarding and managing-by-exception involving double-checking of team member performance, focusing on the task-at-hand, providing feedback, monitoring member performance, and trouble-shooting to locate and correct errors. Equally present in their strategies were implementing transformational strategies for handling possible crises in the future, ensuring individual member competence, understanding of the mission, alignment of individual member's goals with those of the team, establishing trust and cooperation and providing support.

Handling Conflict

The transformational leader envisions superordinate goals for the conflicting parties—ways in which they both can gain from agreement. He or she points to the inability of one party to get along without the assistance of the other. Yet, the freedom of action of each party is maintained. Transactional elements may be introduced with creation of an organizational restructuring satisfactory to both parties which eliminates the sources of the conflict. Ways are sought to increase the trust of the parties for each other to guarantee that they will keep the agreement. The nature of the conflict is clarified along with available creative alternatives to resolve it. Each side is helped to understand the other's position. Both parties are encouraged to avoid rigid positions.

In twenty departments of two universities, it was found that the amount of affective and substantive conflict in departments contributed to felt tension. Transactional leadership was seen as needed for those departments which were in conflict. Leader initiation of structure correlated highly with departmental effectiveness but not when such conflict was absent. The correlation between leader initiation of structure in a department and its effectiveness was .63 when affective conflict was high and only .29 when affective conflict was low. The correlation between initiation and effectiveness was .51 when substantive conflict was high and .38 when substantive conflict was low in an experiment to confirm these findings. For a routine coding task, initiating structure correlated .46 with productivity when conflict was high and -.62 when conflict was absent.

When quick and decisive action is vital to resolving the conflict between parties, assertive, dominating leadership may be most appropriate. This may also be true when unpopular actions such as cost-cutting are needed and cooperation from the parties is not being sought. For the transformational leader, such assertiveness may be required when superordinate organizational interests take precedence.

The intellectually stimulating leader will move the parties toward a solution which integrates into a collaborative solution the efforts of the parties in conflict. The conflict is turned into a mutual problem to be solved. A transactional leader will search for expedient compromises that are immediately rewarding, are temporary settlements, and/or avoid disruptions. Even laissez-faire leadership seems appropriate for certain cases when the leader decides to avoid dealing with the conflict because it is a trivial matter, when the descriptions or costs of the only solution outweigh the benefits, or when the two parties may need to calm down before they can deal more rationally with their mutual conflict.

Dealing With Mergers

When one organization is acquired by another in a merger, in general, the employees captured may be disturbed by the loss of identity and purpose. Anxiety, anger, depression, or helplessness may occur in some of them. Resignations and forced departures occur along with threats to one's own security. Survival in the merged organization may become an obsession. Transformational leadership is needed to deal with the merging of the cultures of the acquired organization and the organization taking over, transcending both organizations. The future contingent reward system needs to be clearly communicated along with feedback on how well it works. Support, consideration, and commitment are needed in helping to cope with the stress of the merger.

Individualized consideration is necessary so that the leaders "get information about the acquiring organization for their subordinates; identify counterparts in the other (and make contact and help subordinates to understand that their counterparts in the acquiring firm are not the "bad guys" and, in many cases, are in a situation similar to their own" (Schweiger, Ivancevich, & Power, 1987, p. 135).

Transformational leadership can help subordinates and colleagues to smooth the tensions of disengagement, disidentification with the old situation and disenchantment with the new arrangements, and disorientation without anchors to the past or the future. Individually considerate leaders can help colleagues and subordinates to work through their denials and anger. An attractive vision of the future by the inspirational leader can gain acceptance of the new situation (Tichy & Devanna, 1986).

Dealing With Panic

The most effective leaders in helping groups to escape from panic conditions begin with transformational support and encouragement, then concentrate on the transactional performance requirements (Misumi & Sako, 1982). A panic situation was simulated with 672 undergraduates in six-person groups. The percentage of successful escaping, the degree of jamming, and aggressiveness were measured. The percentage of successful escaping was highest and aggression lowest in the PM condition when leaders focused both on performance planning and on maintenance of relationships in contrast to focusing on only one or the other, or neither (Misumi, 1985). When subjects dealing with a maze under fearful and unfearful conditions were compared (Kugihara & Misumi, 1984), again PM leadership generated the least fear, the largest amount of planning, and least unreasonable felt pressure from the leader.

Klein (1976) observed in an experimental study of the panic condition, of too many people trying to escape through the same door, that the stressed group preferred a strong leader rather than a leader who under low stress was elected and more highly acceptable. Acceptance and election, which under conditions of low stress gave the accepted legitimate leader control of the group's fate, was replaced under high stress by the group turning to a less legitimate but stronger leader, seen to be endowed with more competence. Transactional structuring combined with transformational competence and consideration appear required for effective leadership under panic conditions. This is seen again when community disasters occur.

Dealing With Disaster

At the national, state and community level, effective leadership promotes the development of credible warning systems and preparations long before disasters actually strike. The absence of such effective leadership is marked by maladaptive defensiveness by the public and exacerbation of panic reactions (Harman, 1984). At the organizational level, needed are technical and behavioral preparation for crises. Management needs warning systems and crisis command centers for managing-by-exception as well as for maintaining readiness, confidence and support. Employees need training in safety, security, and detection along with emotional preparation for emergencies (Mitroff, Shrivastava, & Udwadia, 1987). Weinberg (1987) reviewed 30 cases of how groups dealt with earthquakes, blizzards, accidents, and hurricanes. Breakdown occurred when there was laissez-faire leadership. Effective leadership provided the needed vision and support of individualized consideration and the structure and preparations of transactional leadership.

Such structure and preparedness was seen in the readiness and the strong chain of command found in tests of the Lawrence/Douglas County, Kansas emergency preparedness system. Resources were well organized and the staff highly trained (Watson, 1984). Similarly, emergency preparedness aided Alexandria, Virginia to cope with disastrous flooding (Harman, 1984). City-wide drills for ambulance drivers provided effectiveness in handling of the Hyatt Regency disaster in Kansas City (Ross, 1982).

The local police, fire, ambulance services, and public works departments can provide the needed structure and preparedness. They are the critical human resources whose effective utilization is paramount in the times of crisis (Kartez, 1984). The leadership of these resources at the time of the crisis determines the effectiveness of the organized response to disaster. Most effective is when the organizations maintain their own identity and do not depend on outside volunteer help. Least effective is when only an amorphous organizational structure is in place.

I have already noted that the transformational leadership components of charisma, inspirational leadership, intellectual stimulation, and individualized consideration (Bass, 1985) contribute to effective leadership under stress. For one thing, charismatic transformational leaders tend to keep their "cool" when faced with threats to their lives. Thus, Mahatma Gandhi, F. D. Roosevelt, Kemal Ataturk, Benito Mussolini, Kwame Nkrumah, Charles de Gaulle, and Ronald Reagan displayed presence of mind and composure when faced with attempts to assassinate them. They were not easily frightened nor disconcerted. They remained calm. They maintained their sense of humor and were not thrown off balance in the face of danger or crisis (Willner, 1968). Combat heroes tend to come from the same mold. When 77 Israeli medal winners in the Yom Kippur War were contrasted with ordinary soldiers, the medal winners exhibited more emotional stability. They also showed aspects of transformational leadership: perseverance under stress, decisiveness, and devotion to duty (Gal, 1985). (Of course, these are also aspects of the effective leader, but as has been shown in Figure 1, and discussed on page 8, the effective leader tends to display more transformational behavior.)

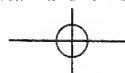
What Transformational and Transactional Leadership Accomplishes

While transactional leadership can service structure and readiness that is already in place, transformational leadership adds to the structure and readiness by helping the followers to transcend their own immediate self-interests and by increasing their awareness of the larger issues. They shift goals away from personal safety and security towards achievement, self-actualization, and the greater good. The transformational leader may have the charisma to fulfill the frustrated needs for identity and lack of social support felt by followers. Bradley (1987) found that the presence or absence of charisma in a commune's leadership affected the commune's survival. Communes did not survive if their members sought charismatic leadership which was not provided.

Personalized (Pseudotransformational) Versus Socialized Transformational Approaches. Personalized pseudotransformational leaders and socially transformational leaders deal with their followers' stress differently. Such followers may feel personally inadequate because of the gap between their self-perceived images of what they are and what they ideally should and would like to be. Stress is increased if they feel they cannot reduce the gap. Frustration may result in aggression and feelings of dependency. To help followers cope with their frustration, self-aggrandizing personalized leaders make themselves the object of identification for the followers (Downton, 1973) but socially transformational leaders use individualized consideration to provide opportunities for their followers to develop themselves (Levinson, 1980).

The transformational leader manifests individualized consideration and converts crises into developmental challenges. The transformational leader uses intellectual stimulation to foster followers' thoughtful, creative, adaptive solutions to stress rather than hasty, defensive, maladaptive ones to the stressful conditions. The transformational leadership does not replace the transactional leadership that has provided the necessary structure for readiness. It adds to it (Waldman, Bass, & Yammarino, 1988). Without the transformational leadership, the transactional leadership may prove inadequate.

Why Transformational Leadership Is Needed. Autocratic, rapid decision-making is sought from their leaders by ready-to-be-influenced groups under stress or crisis conditions. Nonetheless, to be effective in stressful situations, leaders must organize the efforts of their followers in ways which promote vigilance, thorough search, thorough appraisal, and contingency planning to avoid defective coping with threat. Bolstering—each member assuring the others about the correctness of their opinion and solution—can be minimized by the leader playing the devil's advocate. Quick and easy decision-making can be avoided by forming the decision-making group with members who differ in background and opinion.



To be effective in crisis conditions, the leaders must be transformational—able to rise above what their followers see as their immediate needs and appropriate reactions. Such leaders need to arouse inert followers to the significance of threats and the group's lack of preparedness. The leaders need to alter inert followers' willingness to live with frustration rather than make efforts to deal more adequately with obstacles in their path to reach positive objectives. Similarly, to be effective, instead of catering to the group's immediate needs and fears, leaders need to calm the demands for hasty change. To be effective, leaders need to be transformational in identifying and publicizing the inadequacy of defensive pseudo-solutions. To be effective, leaders need to be transformational in providing goals transcending self-interests for hypervigilant followers in a state of panic. To be effective when panic is imminent, leaders need to provide clear, confident direction. The transformational leader's vision for the future may set the stage for effective planning ahead; nevertheless, transactional leadership may also be important in planning.

Planning Ahead. Effective political leaders prevent crises or their stressful effects by planning ahead (Yarmolinsky, 1987). Effective transactional leaders practice active management-by-exception by setting up early warning mechanisms to avoid surprises produced in last-minute hasty, ill-conceived behavior. Potential crises are recognized rationally without emotional upset. Appropriate searches for information can be instituted without hasty defensiveness. However, it takes a transformational leader to articulate the need for an early warning system and to mobilize the organization to prepare for acute crisis (Tichy & Devanna, 1986). In advance, such leaders devise tactics to be employed to avoid or defuse the crisis and to persuade followers to accept the proposed tactics and mobilize support for them. In this sense, the leadership takes on an important teaching function (Yarmolinsky, 1987). By anticipating potential crises, by preparing with active management-by-exception in advance for them, and by long-range, proactive, envisioning transformational leadership, leaders are more effective than if they only engage in dealing with immediate problems (Katz, 1951).

What Transactional Leadership Alone Fails To Do. A transactional leader manages emergencies with structures that have already been set up by actively managing-by-exception. He or she can supply solutions for immediate member needs as perceived by them. There will be immediate satisfaction with such leadership but not necessarily long-term positive effectiveness in coping with the stressful conditions. What may be necessary is a transformational leader who evokes higher-level needs, such as for the common good, who moves followers into a fully vigilant search for long-term readiness. As noted before, when Mulder, van Eck, & deJong (1971) examined patterns of leadership in a Dutch navy flotilla on active duty, the transactional interpersonal and task-oriented factors emerged as of some importance but what distinguished effective leadership in crisis compared with non-crisis conditions was intense, powerful, self-confident leadership that characterizes the charismatic transformational leadership. In contrast, "mild" person-leader relationships were successful and effective in non-crisis situations.

Some Quantitative Evidence of the Effects of Transformational and Transactional Leadership. Direct survey evidence of the effects of transactional and transformational leadership were obtained by Seltzer, Numerof, and Bass (1989) from 285 to 296 MBA students holding full-time jobs who completed the Personal Stress Symptom Assessment (Numerof, Cramer, & Shachar-Hendin, 1984). The MBA's indicated how often they experienced headaches, fatigue, irritability, loss of appetite, insomnia, and inability to relax. They also completed the Gillespie-Numerof Burnout Inventory (Numerof & Gillespie, 1984), responding to such items as: "I'm fed up with my job," and "my job has me at the end of my rope." Felt stress and burnout correlated .58. The 277 respondents also described their immediate superior with the Multifactor Leadership Questionnaire, Form 5R (Bass & Avolio, 1990b).

Table 2 shows the first-order correlations of the transformational and transactional leadership ratings scores of the superiors and the felt stress and burnout of their subordinates. As can be seen in Table 2, stress was modestly but significantly reduced by charisma (-.18), intellectual stimulation (-.11), and individualized consideration (-.18) and burnout, much more, (-.52, -.46, -.36). Contingent reward also helped reduce burnout (-.43), but management-by-exception did the opposite (.22). Seltzer, Numerof, and Bass concluded that 14 percent of the variance in reported symptoms of stress and 34 percent of the variance in feelings of burnout could be attributed to the lack of transformational leadership and contingent rewarding and more frequent management-by-exception. They also found that if the other factors were held constant through multiple regression analysis, reported stress and burnout were less if one worked under a charismatic and individually considerate leader. However, stress and burnout were somewhat higher if the MBA's worked at their full-time job under an intellectually stimulating leader. With the other factors held constant, contingent rewarding was modestly associated with less stress and management-by-exception with more stress and burnout. Overall, transformational leadership and contingent rewarding by leaders were effective in reducing feelings of stress and burnout; managing-by-exception accomplished the opposite.

Transforming Crises Into Challenges. Intellectually stimulating transformational leaders can halt crises by questioning assumptions and disclosing opportunities, fostering unlearning, and eliminating fixation on old ways of doing things. Inspirational leaders arouse courage and stimulate enthusiasm. The cyanide-lacing of Tylenol on store shelves struck Johnson and Johnson in 1982. Its public relations department had no plans to deal with such acute crises. The CEO provided transformational direction. He rejected glossing over the disaster but actually converted the marketing disaster into an opportunity to gain credit for good citizenship. He regained the firm's market share by deciding to introduce a tamper-proof Tylenol bottle at a time of great public consciousness and publicity about the problem (Snyder, 1983).

TABLE 2

First-Order Correlations of Transactional and Transformational Leadership of Superiors and the Felt Stress and Burnout Among Their Subordinates

| Leadership | Symptoms Felt | |
|------------------------------|-------------------|--------------------|
| | Stress N = 285 | Burnout N = 296 |
| <i>Transformational</i> | | |
| Charisma | -.18* | -.52* |
| Individualized consideration | -.18* | -.46* |
| Intellectual stimulation | -.11 | -.36* |
| <i>Transactional</i> | | |
| Contingent rewards | -.18* | -.43* |
| Management-by-exception | .09 | .22* |

r = 0.14*, p < .01

(Adapted from Seltzer, Numerof, and Bass, 1989)

McCauley (1987) pointed to a number of both transformational and transactional ways leaders can convert a stressful situation into a challenging one. The leader practices contingent rewarding by ensuring that there will be positive outcomes and followers know what these are. Clear and attainable goals are set. Interim rewards for progress are given. More generally, using intellectual stimulation, taxing conditions are converted into problems to be solved. Inspirational leadership is employed to increase self-confidence. Envisioning, enabling and empowering followers provides greater tolerance for ambiguity, uncertainty, and working with new and unfamiliar conditions. Situations beyond one's control are recognized but the situation may need to be redefined and goals may need to be changed. Sometimes, seemingly insurmountable problems disappear when ignored.

Pines (1980) summarized the ways that transformational leaders can provide the support that makes for hardy followers, quality performance and effective decision-making despite the presence of distressful conditions. Leaders can present dramatic changes as challenges, not as threats. Leaders can select followers who prefer a vigorous, fast-paced lifestyle and have the cognitive capacity and readiness to prepare themselves for coping adequately with the stress. Leaders can increase their followers' sense they are the masters of their own fate. Followers' involvement and commitment can be increased by their empowerment to offset focusing on the deleterious effects of the stress. The intellectually stimulating leader can introduce the metaphor of mountain climbers who do not look down the vertical cliff face and their dangerous exposure but concentrate on the holds and grips available immediately in front of them.

It is important for the leaders themselves to believe they face a challenging problem rather than a crisis. They are more open to ideas and suggestions from their subordinates. More effective decisions are reached as a consequence. Thus, Tjosvold (1984) arranged in an experiment for "managers" to lead "subordinates" who were actually confederates of the experimenter. The "managers" supposedly had to deal with an issue of job rotation. They were told they were in a crisis condition, a challenging condition, or a situation of minor consequence. The "managers" who believed they were in a crisis were most close-minded. They most were in disagreement with their "subordinates" and least interested in hearing more from their "subordinates." They exhibited least knowledge of their "subordinates" arguments. They were least likely to change from their original position. Contrarily, those "managers" who thought they were in a challenging situation were most likely to explore and incorporate "subordinates" views into their own. They were most likely to integrate their subordinates' opposing opinions into their own decisions. They indicated most often the desire to hear more arguments.

Enhancing Cohesion. Transformational leaders reduce stress among followers by creating a sense of identity with a social network of support. Felt stress is reduced as the follower is made to feel part of a larger entity. The insecurity of feeling isolated is replaced by the security of a sense of belonging. Pines (1980) listed numerous objective examples that people with the social support of close friends, relatives, and group associations. For instance, they had lower mortality rates than those without such social support. Again, children in Israeli kibbutzim were less anxious during prolonged bombardments than were Israeli urban children. The loss of social ties through ostracism and isolation can be deadly among primitive peoples. Ganster, Fusilier, and Mayes (1986) reported for 326 employees of a large contracting firm that social support from their supervisors, co-workers, family, and friends buffered the experience of strains of depression, role ambiguity, role conflict, frustrating underutilization of skills and somatic complaints. Child care crises could be handled most effectively by child care workers, according to 30 of them, with leadership that was supportive, respectful, calm, and confident. Such leadership clarified the situation and prepared for future crises. The children were dealt with ineffectively by leadership that was authoritarian, did not provide support, control and good communications (Nelson, 1978).

Illustrating the importance of supportive individualized consideration in treating stress in combat is a card of information prepared for British non-coms to keep in a pocket. Included in ways to help with acute symptoms are: do not overreact, remain calm yourself, do not ridicule, calm the soldier, reassure the soldier, show understanding, and team up with him for a while. If possible, give him a warm drink and give him a specific task. If the stress reactions continue: keep the soldier with his unit but away from battle; allow him to sleep; treat him as a soldier, not a patient; have someone stay near him such as a supervisor; try to have members of his unit take interest in his welfare; and have him help on small jobs.

SECTION 4

Contingencies of Transformational and Transactional Leadership

Introduction

Do situational contingencies make a difference? If they do, what are they and how much of a difference do they make?

Numerous anecdotal examples can be cited. General George B. McClellan was loved by his troops. He was highly effective in training and organizing his troops but completely ineffective—almost laissez-faire when it came to fighting. In his campaigns to try to seize Richmond, the Confederate capital, he avoided, as much as possible, putting his troops in harm's way. Instead of advancing with his superior forces and doing battle with Lee, he retreated. Charismatic, he was idealized by his men, but unable to win battles. He could have reduced the length of the Civil War by two years. He was also vain, pompous and self-glorifying. If the evaluation of his leadership was based only on his accomplishments in training his Army of the Potomac, he would be judged effective, charismatic and inspirational. If the evaluation of his leadership was based on the way he led his Army in the Peninsula campaign toward Richmond, he would be judged ineffective and laissez-faire in his avoiding confrontation with rebel forces. His leadership was contingent on whether he was training troops or leading them into combat.

In the ongoing organization or society, understanding of the leader's behavior requires examining a stream of causality. The effective leader is transformational or transactional as conditions change. Burns (1956) has noted the way that Franklin Delano Roosevelt was a practical, transactional experimentalist, as well as a charismatic with principles about social betterment. On assuming office, he moved the electorate inspirationally from the pessimism of the deep economic depression to feelings of hope, expectation, entitlement and demand as he succeeded in putting into place many remedial programs ranging from rural electrification to social security. At the same time, many of his efforts such as the NRA ran into the Supreme Court's conservative

views of the Constitution, resulting in his ill-considered scheme to pack the Supreme Court. Later on, knowing that sooner or later we would have to fight Germany but that he could not overcome the isolationist opposition, he began to take as many escalating transactional, manipulative steps as he could to help Britain such as initiating "lend-lease." Britain was near-bankrupt and could not purchase the military goods we could sell to them. So Roosevelt arranged to "lend" the planes, tanks and ships to Britain in exchange for off-shore bases in the Bahamas, Bermuda and other British colonies. He facetiously agreed when asked that the matériel would be returned when the war was over.

Harry Truman succeeded to the Presidency on F.D. Roosevelt's death, "without experience, without knowledge, without prestige" according to the New York Times. He had been a transactional politician, but assuming the Presidency, he became highly transformational. He framed American global participation, decided on using the atom bomb in 1945 to end the war with Japan and initiated N.A.T.O., the Truman Doctrine to defend Greece, the Marshall Plan to bring about European recovery, the massive airlift to fly over Soviet blockage of Berlin, and the Korean "police action." He used his power of office to dismiss America's most popular general—Douglas MacArthur—for the latter's refusal to accept constitutional civilian control of the military (Gardner, 1987).

SITUATIONS CAN MAKE SOME DIFFERENCE

Howell (1988) has offered a list of organizational and task conditions which would be likely to affect the emergence of transactional leadership as an exchange relationship and of transformational leadership as charismatic, inspirational and intellectually stimulating. Table 3, adapted from her original, shows the organizational and task characteristics she expects would generate high or low frequencies of transactional or transformational leadership.

Given the behaviors involved in transactional and transformational leadership, one can also propose the task/goal conditions, and characteristics of the subordinates and the leader which are most likely to correlate with each component of the Full Range of Leadership. For instance, as shown in Table 4, laissez-faire leadership is most likely to emerge when the tasks and goals are unimportant, the rewards are low, discipline is lax, the subordinates are experienced and the leader is distracted, indifferent and uncaring.

TABLE 3

The Likelihood of Exchange and Charismatic Leadership Emergence
Under Different Environmental and Organizational Conditions

| Situational Conditions | Likelihood of Exchange Leadership | | Charismatic Leadership |
|-------------------------------------|---|------|---------------------------|
| <i>Environmental</i> | | | |
| Stable | High | Low | |
| Unstable | Low | High | |
| Political/Legal | High | Low | |
| Not Political/Legal | Low | High | |
| Collectivistic | Low | High | |
| Individualistic | High | Low | |
| <i>Organizational</i> | | | |
| Consistent With Cultural Values | Low | High | |
| Inconsistent With Cultural Values | High | Low | |
| Mechanistic | High | Low | |
| Organic | Low | High | |
| Reactive Processing | High | Low | |
| Proactive Monitoring | Low | High | |
| Hierarchical Authority | High | Low | |
| Dispersed Authority | Low | High | |
| Centralized Decision-Making | High | Low | |
| Decentralized Decision-Making | Low | High | |
| Vertical Communication | High | Low | |
| Lateral Communication | Low | High | |
| <i>Task Characteristics</i> | | | |
| Standardized, Routine | High | Low | |
| Complex, Changing | Low | High | |
| Well-Defined Performance | High | Low | |
| Poorly-Defined Performance | Low | High | |
| <i>Goals</i> | | | |
| Ambiguous Performance | Low | High | |
| Extrinsic Rewards | High | Low | |
| Intrinsic Rewards | Low | High | |
| <i>Leader-Subordinate Relations</i> | | | |
| Leader Power Greater | Low | High | |
| Follower Power Greater | High | Low | |
| Leader Information Greater | Low | High | |
| Follower Information Greater | High | Low | |

(Adapted from Howell, 1988)

TABLE 4Task/Goal Subordinate and Leader Conditions Fostering the
Emergence of the Full Range of Leadership*Charisma*

Reinforcements/Tasks/Goals: Uncontrolled, conflict, stress
 Subordinates: Inexperienced, low self-esteem, low self-efficacy
 Leader: Realistically self-confident, determined, unconventional

Inspirational Motivation

Reinforcements/Tasks/Goals: Ambiguous
 Subordinates: Inexperienced
 Leader: Articulate, flexible, emotional, perspicacious

Intellectual Stimulation

Reinforcements/Tasks/Goals: Problems to be solved
 Subordinates: Experienced, high
 Leader: Rational, unconventional, perspicacious

Individualized Consideration

Reinforcements/Tasks/Goals: Unmet individual needs
 Subordinates: Inexperienced, career-oriented
 Leader: Caring, empathic, relations-oriented

Contingent Reinforcement

Reinforcements/Tasks/Goals: Controlled by leader
 Subordinates: Inexperienced, materialistic, not idealistic
 Leader: Materialistic, conventional, not idealistic

Active Management-by-Exception

Reinforcements/Tasks/Goals: Objectively measurable
 performance
 Subordinates: Inexperienced
 Leader: Task-oriented

Passive Management-by-Exception

Reinforcements/Tasks/Goals: Uncontrolled, controlled
 by organization
 Subordinates: Experienced
 Leader: Reactive

Laissez-Faire

Reinforcements/Tasks/Goals: Unimportant
 Subordinates: Experienced
 Leader: Distracted, indifferent, uncaring

(Adapted from Howell, 1988)

Some evidence to support the overall scheme is available. For both non-professionals (Podsakoff, Niehoff, MacKenzie, & Williams, 1993) and professionals (Podsakoff, MacKenzie, & Fetter, 1993) investigators found some evidence that the effects of transactional leader behavior were moderated by situational variations. Similar to findings for blue collar workers, contingent and non-contingent reward and punishment leadership and instrumental and supportive leadership of 411 professional, managerial and white collar workers accounted for 12% of the variance of the employees in their general satisfaction. Effects of the leadership on satisfaction could be attributed to some extent to differences in subordinate characteristics, differences in tasks, or differences in organizational characteristics.

Environmental Contingencies

Among environmental variables of consequence to transformational and transactional leadership may be the environment's stability or turbulence, and whether or not it is heavily politicized, and whether it is heavily collectivistic or individualistic in culture.

Stability Versus Turbulence. More transactional leadership is likely to emerge and be relatively effective when leaders face out to a stable, predictable environment. More transformational leadership is likely to emerge in organizations and be effective when leaders face an unstable, uncertain, turbulent environment. For Ansoff and Sullivan (undated), turbulence in the environment is characterized by complexity, lack of familiarity to the leadership of likely events, rapidity of change and lack of visibility of the future. The leaders' strategies for coping with the environment require that they match their organization and their behavior with the level of environmental complexity. The five levels of stability-turbulence posited by Ansoff and Sullivan give rise to the suggestion as to how much transactional or transformational leadership would be required to match the environmental demands.

The repetitive environment without change calls for stable reactions based on precedents—mainly transactional leadership. The slowly expanding, incrementally changing environment requires leaders who use experience to react to changes—again the reaction of active management-by-exception appears adequate. The leader has to become more anticipatory or somewhat transformational as the environment changes more rapidly. As change becomes discontinuous the leader must seek opportunities for change. Finally, when the environment is surprising, novel strategies and creativity need to be intellectually stimulated.

Some Recent Unpublished Empirical Findings. The Center of Leadership Studies is gathering data on Multifactor Leadership Questionnaire scores as used under various contingencies. Results for several thousand cases comparing stable and unstable environments were in line with expectations. As shown in Table 5, transformational leadership means were higher in unstable environments. Transactional managing-by-exception was slightly higher in stable conditions.

Emergence and Effectiveness of Transformational Leadership. Leaders may create the contingent conditions requiring their leadership. Pseudotransformational leaders may actively generate the need for their charismatic leadership by manufacturing environmental crises (Willner, 1984). But transformational leaders may effectively deal with environmental problems. Employees may come from populations that are indifferent or disenchanted with their lot. When organizational members experience alienation or anomie in the existing social order, Boal and Bryson (1988) suggest that transformational leaders may emerge to create a new and different world that links the members' needs to important purposes, values and meanings. Such inspirational leaders articulate a compelling vision. The leaders can show how the followers behavior can contribute to fulfillment of those purposes, values and meanings.

TABLE 5

Effects of Stable and Unstable Environments on Scores

| | Stable | Unstable |
|------------------------------------|--------|----------|
| <i>Transformational Leadership</i> | | |
| Charisma | 2.2 | 2.6 |
| Inspirational Motivation | 1.7 | 2.1 |
| Intellectual Stimulation | 2.0 | 2.4 |
| Individualized Consideration | 2.3 | 2.8 |
| <i>Transactional Leadership</i> | | |
| Contingent Reward | 1.7 | 2.0 |
| Managing-by-Exception | 2.3 | 2.2 |

(Adapted from Bass, Avolio, & Atwater, in press)

As we have noted in Section 3, conditions of crisis, uncertainty, and turbulence make the emergence of charismatic leadership more likely than would occur in stable, routine conditions (Bass, 1985). For example, a work by Robert House (1995) reported, as expected, that the tendency for the charisma of 24 entrepreneurial CEO's to correlate with the commitment of their followers depended on the uncertainty of the environment. The correlation was .16, .00, .26, and .06 in four successive years when the environment of the CEO's was low in uncertainty for a subset and was .36, .47, .38, and .52 when it was high in uncertainty for another subset in those same years.

Inspirational leaders may reframe opportunities so that the environment is transformed from a situation of threat into a situation of opportunity into which the leader is followed. The environment threatening General Electric was converted by Jack Welch, CEO, into General Electric's need to compete worldwide and to quickly and creatively exploit changes in market conditions and technology. He restructured and reoriented the corporation towards a vision of speed, simplicity and self-confidence (Howell, 1988). "We have a real opportunity to shift from a (transactional) mode where we control, measure, catch, snitch, and follow, to (a transformational) one where work is exciting and people feel empowered and energized to grow and create" (Welch, 1989, p. 3).

Nothing has been tested so far about how the politicized environment, such as in the late Soviet Union, increased the tendency to be transactional. But, transformational appeals that appear in heavily ideological and socially-oriented environments are likely to emerge more frequently.

Collectivistic Societies. In an unpublished paper, D. I. Jung (undated) argued that more transformational leadership was likely to emerge in a collectivistic society than in an individualistic one. To begin with, in collectivistic societies, people tend to view their group and organization as an essential part of their lives (Hofstede, 1991). Consequently, they are more attached to their groups, organizations and societies than are those in individualistic societies. They are more willing to subordinate their self-interests for the sake of their larger collectives (Triandis, 1993). Emphasis is on group accomplishment. Individual aggrandizement is a threat to the collective. Depending on group performance for goal attainment, there is commitment to more long-

term goals. Such commitment is seen as the dimension of Confucian dynamism (Hofstede & Bond, 1988) prevalent in Japan and among the "five tigers" of South Korea, China, Taiwan, Singapore and Malaysia.

Group norms and values are more strongly adhered to and therefore provide a more powerful social control mechanism. Deviant behavior is less tolerated. At the same time, in collectivist cultures, individual attitudes and personality are less likely to be correlated with explicit behavior. There is little need for theories that explain leadership in terms of personality contingencies in collective cultures. Group harmony, particularly, in-group harmony, is prized along with individual modesty (Triandis, 1993). Goal attainment depends on group collaboration. Exchanges are particularistic, such as involving the exchange of status for love and service. They are less likely to involve universalistic exchanges such as money for information and goods. The organization is likely to be viewed as an extended family in which paternalism provides in-group harmony (Markus & Kitayama, 1991). Promotion is based on seniority. There is a strong attachment to the organization and individual goals are readily subordinated for the sake of the group ones. Work values are central. Most employees have a long-term relationship with the organization which first provides them with a full-time job when first hired; their interpersonal skills are viewed as more valuable than specific job knowledge and techniques. In-group solidarity is stressed (Lee, Yoo & Lee, 1991).

Management controls depend on group norms and social values rather than written rules. Followers can more easily identify themselves with the leader based on a mutual belief in a common purpose and when the followers already are group-oriented. Thus, the work teams within a Japanese organization were seen to have clearer identities and shared view of events than groups of workers reporting to the same supervisor in the West. As a consequence, Jung has proposed four explanations about the more ready emergence and facilitation of transformational leadership in the collectivist societies of East and Southeast Asia. Charismatic leadership is facilitated because of the ordinary high level of respect, trust, loyalty and obedience to higher authority of the paternal father-figure. Followers already have a sense of shared fates with their leaders and organizations. Inspirational motivation is facilitated in collectivist cultures because followers already are committed to collective accomplishment, group goals,

and the meaningfulness of their own participation. The transformational realignment of individual values is accomplished by realignment of the group's values. Thus, inspirational leadership is easier to bring about in a collectivistic culture because already present is a willingness to put forth extra effort on behalf of the organization and a high level of commitment to the collective accomplishment.

While the creativity of individual followers may be inhibited in collective societies, the long-term strategies of the leadership for the collective may enhance the patience required to achieve success with products, systems and long-term goals. Furthermore, the willingness of the leaders to turn their groups toward adapting and improving upon Western technologies is illustrative of intellectual stimulation. The avoidance of things "not-invented-here" in Britain resulted in one year alone, in the 1970's, of Britain exporting 14 times more patents than it imported. The reverse was true for Japan. Yokochi (1989) found a high level of intellectual stimulation in the MLQ ratings of 135 senior managers in 17 large Japanese firms. The Japanese leaders' strong emphasis on intellectual stimulation was explained by Yokochi as due to the Japanese culture which values lifelong, continuous learning and pursuit of intellectual activities.

Individualized consideration is also important and relevant in collectivistic cultures, making it easier to effect. There is much paternalism. Leaders have personal responsibility for caring for their followers' career development and personal problems (Steers Shin, Ungson, & Nam, 1990). As expected, MLQ ratings by their subordinates of the individualized consideration of senior Japanese managers were high compared to the results found in Europe and the U.S. As noted earlier, particularistic exchanges of affection, emotional attachment, status and service are more common. Hence, there is frequent use of individualized consideration to help followers reach collective goals.

The leader-member exchange that has been traditionally based on emotional engagement and leaders' individualized consideration to their followers has been taken for granted in collectivistic cultures.... (The strong vertical interdependence in collectivistic cultures)... imposes a moral responsibility on the leaders to listen to and share followers' concerns and on the followers to pay back their indebtedness by meeting leaders' expectations. (Jung, undated)

Organizational Characteristics

As with the collectivistic culture in which charismatic leadership emerges more easily because of its consistencies with the values of the culture, so in the West as well as in the world in general, if the organization's mission is consistent with the dominant values of society, leadership within the organization is facilitated. Shamir, House & Arthur (1993) note that in the U.S. we are likely to see more opportunities to join high tech industries whose tasks can be linked to the U.S. societal values in scientific and economic progress. The tobacco industry would be a reverse setting. When performance goals can be clearly specified, transactional leadership is more likely to emerge (House, 1971). Conversely, charismatic and inspirational leadership is more relevant when it is more difficult to specify goals and measures of progress and when extrinsic rewards cannot be linked to specific performance so that contingent rewarding can be readily employed. Section 3 has noted the extent to which stress and crisis are contingencies of consequence to transformational leadership's emergence.

Mechanistic Versus Organic. Burns and Stalker (1966) originated the now well-accepted distinction between the mechanistic and the organic organizations. The mechanistic organizations feature bureaucracy—elaborate control systems and strong hierarchies. The organic organizations feature decentralized decision-making and adaptive learning. We expect that managing-by-exception would be easier to pursue in mechanistic organizations and transformational leadership and contingent rewarding will emerge more frequently in organic organizations (Bass, 1985). Mechanistic organizations discourage change and inhibit individual differences, motives and attitudes (House, 1992), making managing-by-exception easier to accomplish.

Organic organizations are open to more variation and experimentation with attendant greater risk-taking, fitting better the prescription for transformational leadership. Mechanistic organizations work better in stable, predictable environments. Organic organizations work better in unstable, uncertain, turbulent environments.

Military Versus Civilian Organizations. An unpublished meta-analysis (Lowe, Kroeck & Sivasubramaniam, 1994) of 32 published studies completed a specific comparison of 947 military MLQ respondents with 577 to 2,141 civilian counterparts describing their superiors. Table 4 displays the mean differences in correlations obtained with outcomes in perceived effectiveness, satisfaction and objective measures of performances. Overall, the correlations with objective outcomes and perceived effectiveness are stronger in the military than civilian sectors. But satisfaction with the leadership is about the same or slightly greater in the civilian sector.

The mean correlation with objective performance of the MLQ transformational factor scores ranged from .46 to .57. The comparable results for civilians ranged from .26 to .29. For the military, objective performance correlated .46 with contingent reward, .46 with objective performance, .26 with active management-by-exception and .32 with passive management-by-exception. The comparable correlations for civilians were .20, -.27, and .07. Similar patterns emerged when perceived effectiveness was the criterion outcome. Military transformational leadership correlated .51 to .75 with effectiveness and satisfaction correlated .52 to .71. For civilians, the figures were from .47 to .72.

TABLE 6
Significant Military-Civilian Differences in Outcomes
Correlated With MLQ Factor Scores

| MLQ Factor Scores | Objective | | Perceived | | Satisfaction | |
|------------------------------|------------|---------------|-----------------|-----------------|-----------------|------|
| | Perfomance | Effectiveness | Mil. | Civ. | Mil. | Civ. |
| <i>Transformational</i> | | | | | | |
| Charisma | .53 | .28 | .75 | .57 | .71 | .72 |
| Intellectual Stimulation | .46 | .26 | .51 | .47 | .52 | .56 |
| Individualized Consideration | .57 | .29 | .59 | .48 | .58 | .61 |
| <i>Transactional</i> | | | | | | |
| Contingent Reward | .46 | .20 | .46 | .50 | .46 | .58 |
| Management-by-Exception | | | | | | |
| Active | .26 | -.27 | Differences | Differences | | |
| Passive | .32 | -.07 | Not Significant | Not Significant | | |
| | | | | | Differences | |
| | | | | | Not Significant | |

(Data from Lowe, Kroeck, & Sivasubramaniam, 1994)

Leaders of Groups With Diverse Membership. Based on interviews with over 200 employees in 20 organizations, the importance of transformational qualities in those responsible for leading multicultural groups was noted. They are inspirational in that they envisage and support diversity at all levels in their organization. They use symbols and traditions to attest to the value of diversity.

Their individualized consideration is built upon their knowledge of multicultural issues, the adaptability of the language they use to communicate to their diverse followers and their focus on respect for cultural differences. They encourage criticism from their followers. They are ethically and morally committed to fairness. They openly advocate the elimination of ageism, ethnocentrism, racism, sexism, etc. They mentor, coach, and empower their diverse followers, providing them with opportunities of making use of their unique competencies.

Task Characteristics of the Situation

While much survey and experimentation has been completed on whether task or relations-oriented and directive or participative leadership emerges and is successful and effective in structured versus unstructured task situations as well as other task characteristics, little has been done so far to suggest whether transactional or transformational leadership fits better with one kind of task situation compared to another. We can point to two independent studies of consequence by Moss (1992) comparing work versus study groups and by Keller comparing research and development groups at different phases of product development.

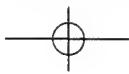
Work Versus Study Groups. Moss (1992) asked 188 New Zealand subordinates of 63 workplace leaders to rate the leaders using the Multifactor Leadership Questionnaire (Short Form 8A). Then 44 of these same leaders were rated again by their 196 peers in university study groups. Similar frequencies of mean contingent rewarding (2.3 and 2.1), active management-by-exception (2.3 and 2.5) and passive management-by-exception (2.2 and 2.3) were obtained for leadership displayed in the university study groups and the work groups respectively. However, some statistically significant mean differences emerged for the transfor-

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mational and laissez-faire factors: charisma (2.6 and 2.8), inspirational motivation (2.2 and 2.6), intellectual stimulation (2.3 and 2.7), individualized consideration (2.2 and 2.7) and laissez-faire (2.7 and 2.9) for the study and work groups respectively. Of practical import in these different frequencies were the greater amounts seen in the work groups in inspirational motivation, intellectual stimulation, and individualized consideration.

More suggestive of the contingent effects was on the low correlations between leadership scores in the study and work settings obtained for the 36 to 40 leaders for whom complete data were available: charisma (.30), inspirational motivation (.30), intellectual stimulation (.27), individualized consideration (.08), contingent reward (.02), active management-by-exception (.17), passive management-by-exception (.10) and laissez-faire leadership (.08) even when corrected for attenuation of the scales due to the estimated unreliability of the short forms.

Research Versus Development. A specific example of a task contingency was uncovered by Keller (1992) in the differential degree of effectiveness of transformational leadership in the research and development of a product. He studied 66 project groups containing 462 professional employees from three industrial R & D organizations. Transformational factors of charisma and intellectual stimulation of the project leaders were measured. Overall, these factors predicted the quality of the projects completed and the tendency to meet budget and scheduling requirements as evaluated by both the team members and higher management. At the same time, the effects of the transformational leadership on project quality was greater for those R & D groups engaged in research than those R & D groups engaged in the product development that followed. The effects of the transformational leadership were contingent on the stage of research or product development in which a project team was involved.



Leader-Subordinate Relations

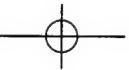
Using small space analysis, it was shown that whether a leader was directive or participative depended on whether the leader or the subordinate had the information and power in the situation. It can only be a matter of speculation at this time but it is expected that whether the leader has the power and information, transformational leadership is likely to emerge. Where the follower has the power and information, it behooves the leader to try to negotiate an exchange.

We need to differentiate between the leadership that will emerge to succeed in influencing followers and the leadership that will be effective resulting in meeting the mutual needs of the leaders and followers.

A leader will be transformational when he or she provides coaching, special labor-saving ideas, emphasis on quality performance and the role of the employee in the large organizational picture. A leader will be transactional when he or she clarifies what needs to be done and the rewards for doing so or the corrections necessary to accomplish the tasks. What differentiates transactional from transformational behavior can suggest potential contingencies.

In sum, the transactional and transformational leader relates differently to colleagues as follows:

| <i>Transactional</i> | <i>Transformational</i> |
|---|--|
| Caters to self-interests | Transcends self-interests |
| Works within the organizational culture | Works to change the organizational culture |
| Plans | Envisions |
| Promises and rewards | Builds self-esteem and confidence |
| Disciplines and corrects | Enables, coaches, mentors |
| Controls | Empowers |



LEADERSHIP CONTINGENT OR ONE BEST WAY?

Theory and research support a variety of contingency theories of leadership. Well-known is Fiedler's (1967), which explains that task oriented leaders are most effective when faced with highly unfavorable or highly favorable situations. Relations-oriented leaders do best when situations are in-between in favorableness. Esteem and power of the leader and structure of the situation contribute to the favorableness of the situation to the leader. Equally researched is House's path-goal theory. The effective leader clarifies the transactional exchange, the path the subordinate needs to follow for goal attainment. Contingencies include the motivation and expectancies of the subordinate and the structure of the situation.

Numerous other situational leadership theories such as those of Hersey and Blanchard (1969), Vroom and Yelton (1973) posit different leadership and decision styles for different kinds of situations. Nevertheless, despite the vast array of contingent findings, overall the best of leaders are described as those who integrate a highly task-oriented and a highly relations-oriented approach (Bass, 1990a). The best of leaders demonstrate their ability to clarify the path to the goals. To date, there has been the general findings likewise that the best of leaders are both transactional and transformational. Although Bass (1985) speculated on the individual and organizational constraints that would be conducive to more transactional or more transformational leadership, few empirical studies have been attempted. So far, there is considerable evidence that those leaders described by their followers as more frequently transformational are likely to be both subjectively and objectively more effective and satisfying than those more frequently transactional leaders who exchange promises of rewards for appropriate role enactment by subordinates. In turn, such more frequently reward-oriented leaders are more effective and satisfying than those who more frequently manage-by-exception or are laissez-faire and abdicate their leadership responsibilities (Bass & Avolio, 1990).

Suppose we were to ask what particular leadership behaviors would be most likely to emerge and to be most effective in differing circumstances. Would a contingent model be in order? For example, by definition, charismatic leaders are expected to emerge in times of crises. If the same leader and group underwent

alternating periods of stress and steady-states, would more transformational leadership emerge in crises conditions and more transactional leadership in steady states? Would the leader be most effective and satisfying if he matched the stress-no stress situation with transformational leadership under stress and transactional leadership with no stress? Or would it be a matter of being just a bit more of one than the other when conditions changed?

In ongoing organizational life, transformational leadership generally has its impact regardless of situational circumstances. The hierarchy of effects that transformational leadership is most effective, contingent reward next most effective, managing-by-exception next most effective and laissez-faire leadership is least effective holds regardless of contingencies. But, contingent conditions affect whether or not transformational or transactional leadership is most effective. The empirical question is whether the effects are more than marginal and have practical consequences for selection, training, development and placement. Does the best leadership use both in varying amounts over any given period of time?

Consider the following scenario: A service supply company hires unskilled labor for the simple tasks of cleaning offices. A contingent model would suggest that for supervising such simple, unskilled work with less educated employees, transactional leadership emphasizing contingent rewards and management-by-exception is most likely to be necessary and effective. Nevertheless, one cleaning firm has found great payoff from treating the employees as if they were well educated professionals. Inspirational leadership in the firm's management provides the cleaners with meaning and challenge in their work and commitment to it. Intellectual stimulation promotes their creative improvements of how the work can be done better. Individualized consideration focuses on their individual needs for personal recognition and improvement. All this is added to the extrinsic contingent rewarding of contests and prizes for performance. So on the one hand, contingent theory would support a transactional approach. Yet, as is generally true if there is investment in transformational leadership, it still adds considerably to the effectiveness of the less frequently needed transactional leadership. This *augmentation effect* was hypothesized by Bass (1985) and demonstrated by Waldman, Bass and Einstein (1985).



SECTION 5

Transformational and Transactional Organizational Culture

Introduction

The organizational culture is a learned pattern of behavior, shared from one generation to the next (Deal & Kennedy, 1982). It includes the values and assumptions shared by members about what is right, what is good, and what is important. Shared in addition are heroes, stories and rituals that provide expressive bonding of the members. Organizational culture is the “glue” that holds the organization together as a source of identity and distinctive competence (Bass, 1991). In an organization’s decline, its culture can become a constraint on innovation because of its roots in the organization’s past.

Can organizational cultures usefully be described in terms of how transactional or transformational they are? The shared values within the organization persist over time, shape the norms and behavior of the groups and individuals within the organization and its reputation among insiders and outsiders. The organizational culture is maintained by its traditions even as the members change. Elite military forces such as the Green Berets, the British Life Guards or the Israeli Commandos illustrate those with strong cultures as do firms in the period between 1976 and 1986 such as Exxon and Motorola.

Leadership and Organizational Culture

Founders often create an organizational culture from their preconceptions about an effective organization. The founders’ and successors’ leadership shape a culture of shared values and assumptions, guided and constrained by their personal beliefs.



The organization's survival depends on how well those beliefs match up with the organization's continuing opportunities.

Organizational culture and leadership interact with each other. Leaders create and reinforce norms and behaviors within the culture. The norms develop because of what leaders stress as important, how they deal with crises, the way they provide role models, and whom they attract to join them in their organizations.

An organizational culture affects its leadership as much as its leadership affects the culture. If an organizational culture has in place values and guides for autonomy at lower levels, management will be unable to increase its personal powers. Decisions about recruitment, selection, and placement within the organization will be affected by the organization's values and norms. Leaders need to be attentive to the rites, beliefs, values and assumptions embedded in the organizational culture. They can help or hinder efforts to change the organization, when it must move in new directions as a consequence of changes in the internal and external environment of the organization.

Transformational Organizational Culture

In adaptive, innovative and satisfying organizational cultures, we are likely to see transformational leaders who endorse assumptions such as people are trustworthy and purposeful. Complex problems can be delegated to the lowest level possible. The leaders articulate a sense of vision and purpose to followers. They align the followers around the vision and empower others to take responsibility for achieving portions of the vision. When necessary the leaders become teachers; personal responsibility is accepted by the leaders for the development of their followers to their full potential.

Adaptive Organizational Cultures. When the organizational culture fits with the demands on it, it is more likely to be effective. When demands change, a strong culture may handicap the organization's needed efforts to change. On the other hand, if the culture is adaptive and flexible it will contribute to the organiza-



Transformational and Transactional Organizational Culture 71

tion's effectiveness. Since demands on most organizations are unlikely to be absolutely steady and stable, Kotter and Heskett (1992) find that "only cultures that can help organizations anticipate and adapt to environmental change will be associated with superior performance over long periods of time" (p. 44). The adaptive culture of Kotter and Heskett parallels what Avolio and Bass (1994) designated a transformational culture.

The 12 adaptive firms during the period between 1976 and 1986, studied by Kotter and Heskett, all seem to have been originated by a transformational founder: Adolphus Busch at Anheuser-Busch, C.R. Smith at American Airlines, Sam Walton at Wal-Mart, Marion and Herbert Sandler at Golden West, Charles Sanford at Bankers Trust, Donald Kendall at PepsiCo, William Hewlett and David Packard at Hewlett-Packard, Michael Harper at Con-Agra, Joseph Albertson at Albertson's, the Dayton's at Dayton Hudson, and Elliot Springs at Springs Industries.

In contrast to the leaders in most of the unadaptive firms, the leaders of the adaptive firms

...got their managers to buy into a timeless philosophy or set of values that stressed both meeting constituency needs and leadership or some other engine for change—values that cynics would liken to motherhood, but that when followed can be very powerful. Those people and their successors then perpetuated the adaptive part of their cultures—the values/philosophy part relating to constituencies and leadership—because they worked at it. (p. 55)

Preserving the adaptive culture was deliberate. The transformational leaders and their successors saw themselves as custodians of the corporate culture, as preserving the firm's core values, writing and speaking about them frequently. They hired, promoted, rewarded and disciplined people consistent with the core values of their adaptive culture. New systems that were introduced needed to be adaptable.

Transactional Organizational Culture

In the transactional organization the leadership accepts no deviation from standard operating procedures. It manages-by-exception and rewards followers contingent on their correct application of the rules. The organization is likely to be highly mechanistic rather than highly organic.

Unadaptive Organizational Cultures. Kotter and Heskett's (1992) unadaptive culture mirrors how Bass and Avolio defined a transactional culture. Three components were identified by Kotter and Heskett in the firms with unadaptive cultures. First, the firms' managements had a dominant position in their markets and were seduced by their prior success in growth and profits. For instance, during the 1976-1986 decade, at Texaco, there was no encouragement to look outside the firm for better ways of doing things. Second, the managements did not value their customers, stockholders and employees. At Coors, when customer complaints were received about opening their cans, the response was that Coors produced the best beer available; the complaining customers would find a way to get to the beer inside the cans. The third component was hostility to leadership and change. Thus, when executives at General Motors, Winn-Dixie, and Fieldcrest Cannon showed "too much leadership" they were not promoted. Kotter and Heskett suggested that adaptive firms change to unadaptive ones as the leaders become only managers, or as we would say, the mainly transformational leaders become mainly transactional.

MODEL TRANSACTIONAL AND TRANSFORMATIONAL CULTURES

A completely ideal transactional organizational culture and a model transformational culture can be described by its members and reliably measured. Within this framework, organizations are likely to have cultures that vary from each other in combinations of both models. Nonetheless, most organizations will benefit from moving in the direction of more transformational aspects in their cultures while also maintaining a base of effective transactional tendencies.

Transactional Model

A model transactional culture concentrates on explicit and implicit contractual relationships. Job assignments are in writing accompanied with statements about conditions of employment, rules, regulations, benefits, and disciplinary codes. The stories that make the rounds repeatedly, the jargon used, the values emphasized, the assumptions shared and the reinforcement systems in the transactional culture usually set a price for doing anything, "Everyone has a price." Motivation to work is a matter of trade-offs of worker effort in exchange for rewards and the avoidance of disciplinary actions. Commitments remain short-term. Self-interests are underscored.

The partly transactional organization is an internal marketplace of individuals whose rewards are contingent on their performance. Additionally, management-by-exception is often actively practiced. Employees work independently. Cooperation depends on the organization's ability to satisfy the self-interests of the employees. The employees do not identify with the organization, its vision or mission. Leaders are negotiators and resource allocators in which the power and politics behind a request may be as important as its merit. Innovation and risk taking are discouraged.

Transformational Model

In the model organizational transformational culture, there is a sense of purpose and a feeling of family. Commitments are long-term. Mutual interests are shared along with a sense of shared fates and interdependence of leaders and followers.

Leaders serve as role models, mentors and coaches. They work to socialize new members into the epitome of a transformational organization culture. Shared norms cover a wide range of behaviors. The norms are adaptive and change with changes in the organization's environment. Emphasized are organizational purposes, visions and missions. In this pure organizational culture, challenges are opportunities, not threats.

As with leadership, transformational culture can build upon the transactional culture of the organization. The inclusion of assumptions, norms, and values which are transformationally based does not preclude individuals pursuing their own goals and rewards. This can occur at the same time if there is an alignment of individual self-interests with a central purpose and there is accompanying coordination to achieve the integrated goals. Leaders and followers go beyond their self-interests or expected rewards for the good of the team and the good of the organization.

FIGURE 3

Frequency and Percentage of Types of Cultures According
to the Organizational Description Questionnaire (ODQ)
Scores for 171 Leaders of Organizations

| <u>Transactional Mean Scores</u> | | | |
|--|---|--|---------------------------------------|
| | -14 to -6 | -5 to +5 | +6 to +14 |
| +16 to +14 | Predominately Transformational 19 (11.1%) | Moderately Transformational 32 (18.7%) | High-Contrast 5 (2.9%) |
| Transformational Mean Scores 17 (9.9%) | Loosely Guided 17 (9.9%) | Coasting 46 (26.9%) | Contractual 13 (7.6%) |
| | Garbage Can 1 (.6%) | Pedestrian 17 (9.9%) | Predominately Bureaucratic 21 (12.3%) |

(From Avolio, & Bass, 1994)

Measurement of the Organizational Cultures

The Organizational Description Questionnaire (ODQ) of Bass and Avolio (1993a) is a 28-item survey questionnaire that can be completed by members of an organization. Transactional elements in the culture's assumptions, processes and expectations are found in 14 items such as:

- You get what you deserve—no more, no less.
- Everyone bargains with everyone else for resources.
- Specific rules afford little opportunity for discretionary behavior.

Transformational elements of the organization's culture are presented in 14 items such as:

- People go out of their way for the good of the institution.
- Individual initiative is encouraged.
- We believe in trusting each other to do the right thing.

Parallel forms have been constructed. The ODQ generates a Transactional Culture Score (TA) and a Transformational Culture Score (TF). Factor analysis of the responses of several hundred organizational members of 69 organizations has uncovered two distinct factors, one transformational and the other transactional. Only 2 of the items in each of the 14 comprising the initial scores failed to correlate as intended highly with its own factor. Respondents indicated whether each of the 28 statements were true, false, or they couldn't say. Scores were +1 for true, -1 for false and 0 for undecided. And so total transformational and transactional scores for each respondent ranged from -14 to +14. Coefficient alphas for the 14-item transactional scale were .60 and .64 for 169 participants from almost as many different organizations and .64 for their 724 subordinates. The corresponding alphas for the transformational scale were .77 and .69.

Organizational Types

Organizations may be typed according to the mean scores from respondents about the organizations as shown in Figure 3. These types are described as follows:

A *predominately transformational* organizational culture receives highly positive ODQ transformational leadership scores and highly negative transactional ODQ scores from its members. The organization is likely to be constantly discussing purposes, vision, values and fulfillment. Absent are formal agreements and controls which may make it difficult to be certain about what people will do. Teamwork is accented.

Expressiveness is high as in highly functioning families. The organization's structure is flat, loose and decentralized. It is informal, flexible, adaptive and dynamic. Highlighted is bottoms-up decision-making and the encouragement of individual and organizational growth and improvement. Creativity is high. Questions are raised continually about methods needed to achieve more effectiveness. As transactional scores are extremely negative, newcomers and outsiders may have a problem knowing what to expect. A collection of sensitivity training or self-help groups might be purely transformational. The Spanish Anarchists of the past century fit much of the description as well. A company "skunkworks" in which project developers are set off by themselves to carry on flexibly without much attention to the organization bureaucracy is also illustrative.

The *moderately transformational* organizational culture receives a transactional score which is less negative or somewhat positive. The culture sets more value on agreements, exchanges and rewards for performance. Here we have the organization that is likely to be highly effective. On the one hand, it contains the transformational qualities needed for extra effort, commitment and satisfaction. Yet, it also may have enough transactional structure to provide predictability of relationships and requirements without falling into bureaucratic traps. Probably, Kotter and Heskett's adaptive organizations are closest to this organizational prototype.

A *high-contrast* organizational culture receives high ODQ ratings from respondents in transformational character coupled with a similarly high level of ratings for transactional character. There is a great deal of both transactional management and transformational leadership but often with conflict over the best ways to proceed. Much of the conflict is likely to be constructive. Trust is available to maintain balance between the rule-based old ways of doing things and the needed innovations. This is particularly true where tradeoffs must be made between short-term gain and individual rewards for the long-term benefit of the group and organization.

The well-run small, elite military organization fits this high-contrast type. Members are highly committed and extra effort is normal. The leadership is highly transformational. At the same time, the success of these elite forces depends on tight structures, highly predictable communication systems, etc. Examples include the Navy Seals and the British SAS. The military academies also tend to have these high-contrast characteristics. ...*Elan* is combined with attention to the rules.

The *loosely guided* organization is one which is moderately transformational but without much structure. It is an alliance of members who are not strongly committed to the central organization and are able to do what they please. A confederation of independent states or allied military forces may fit this description.

A *coasting* organizational culture falls between the extremely transformational and extremely transactional cultures. External controls are balanced against efforts favoring self-control. Transactional management and transformational leadership are moderate in frequency. The organization coasts along and does not optimize the use of its resources and opportunities. Although there may be dissatisfaction with the old ways, changes are not sought. This is the most commonly found organization. Members feel that much more can be done, nevertheless the organization fails to adapt to new realities until it is forced to. Detroit was content to coast along into the 1980's making autos that failed to match up with the quality that was provided by Japanese and German competition.

Highly transactional *contractual* organizational cultures and bureaucracies are characterized as attending more to self-interest than the interest of the organization, as such. Each member guards his or her own turf. Short-term goals are the rule. There is much attention to enforcement of agreements, codes, controls, directions, and standard operating procedures. The organization is an internal marketplace in which much is negotiated according to the rules and regulations. The organization's structure is tall, tight, stable, mechanistic, and centralized. There is a clear top-down chain of command. Employees have little discretion and are monitored, driven, and controlled. The large civil service agency is illustrative.

The somewhat mechanistic *pedestrian* organization is moderately transactional with little or no transformational qualities. Little gets done that is not a consequence of formal agreements. Little change is observed. Risk taking is avoided. There is a general sense of structure and procedure but it is less complex and well-organized as in a true bureaucracy. The organization's leaders are handicapped by having little discretion. Work is routinized. There is little commitment to the organization by either the leaders or members. Many volunteer agencies tend to be pedestrian, lacking the transformational qualities required to arouse its members to extend themselves. Military forces that lose their sense of purpose and relax their rules to allow more play and less work become pedestrian organizations.

The "garbage can" organizational culture, so named by March and Olsen (1976), tends to be lacking in either transactional or transformational leadership, consensus is absent, and everybody "does their own thing," so that the organization is a garbage can of fruitless activities. Little cooperation among members is observed. Agendas depend on who attends meetings and the problems they personally have as they wait for an arena in which to air their grievances. The organization is formless, confused, shapeless, and without either clear purposes, values, or clear rules and regulations. Interdepartmental faculty committees often are such garbage cans in organization.

RELATIONS OF ORGANIZATIONAL CULTURE TO QUALITY IMPROVEMENT

The Organizational Description Questionnaire (ODQ) was completed by 130 leaders from a variety of sectors, including industry, education, and health care, and 877 of their subordinates. The participants had volunteered and were mainly from different organizations and a variety of levels in the organizations.

Organizational Culture and Organizational Effectiveness. Twenty-seven additional questions were asked of the same community program respondents who had completed the ODQ about their respective organizations. These 25 questions dealt with the same issues of total quality improvement that corporation contestants for the Malcolm Baldridge Awards must answer. The 27 questions clustered into five factors: organizational vision, information sharing, quality assurance, customer satisfaction and working with others. Table 7 shows the correlations between ODQ ratings of transformational and transactional organizational culture and the five quality improvement factors.

As seen in Table 7, although the quality improvement means for the program participants were almost the same as those of their subordinates' describing the same organizations, the transactional organization correlations for the subordinates correlated a bit more negatively with perceived quality improvement (-.17, -.12, -.11, -.13, -.12). Conversely, the somewhat stronger positive connections of transformational cultures and quality improvement were somewhat higher for the subordinates (.23, .23, .24, .22, .17). In all, those organizations described as transformational appeared more likely to also be seen as doing more to improve their quality of production and service. Those described as transactional seemed to be doing less (Avolio & Bass, 1994).

A BAROMETER OF TRANSFORMATIONAL/ TRANSACTIONAL LEADERSHIP TRAINING

Eighty-seven of the just mentioned participants and 168 of their subordinates used the ODQ to describe their respective organizations during training in the Full Range of Leadership Program (Avolio & Bass, 1991) and again approximately six months to two years later.

The trained leaders' perception that their organization was transactional decreased from -3.72 to -4.40 from the first to the second administration. The subordinates' perceptions back home of their organization's transactional culture increased from -3.32 to -2.41 from the first to the second administration. The subordinates saw more structure being introduced by their leaders which the leaders did not see. On the other hand, there was strong agreement about the increase in transformational qualities in the different organizations. For the leaders, mean organizational transformational scores rose +6.80 to +10.41; for the followers, the comparable scores rose from +6.60 to +8.70. The changes were statistically significant as well as of practical importance since the overall variations in the distributions of scores tended to be small. As a whole, the scores were concentrated on middle-of-the-range "coasting" (Avolio & Bass, 1994).

TABLE 7

Relations Between Transformational and Transactional
Organizational Culture and Quality Improvement According
to 130 Community Leaders and Their 877 Subordinates

| Culture: | Program Participants | | Subordinates of Participants | |
|--|-------------------------|--------|---------------------------------|-----|
| | N = 130 | | N = 877 | |
| T'rac | Tr'form | Tr'act | Tr'form | |
| <i>Amount of Quality Improvement</i> | | | | |
| Organizational Vision | -.07 | .21 | -.17 | .23 |
| Information Sharing | -.08 | .15 | -.12 | .23 |
| Quality Assurance | -.12 | -.11 | .11 | .24 |
| Customer Satisfaction | -.11 | .17 | -.13 | .22 |
| Working With Others | -.04 | .06 | -.12 | .17 |

(Data from Avolio & Bass, 1994)

SECTION 6

Transformational and Transactional Leadership of Men and Women

Introduction

Revealed wisdom supported by commentary and research suggested that in order for a woman to succeed in the world of work, a "man's" world, she had to adopt masculine behaviors and attitudes (Brenner & Bromer, 1981; Kruse & Wintermantel, 1986). Women were believed to be promoted for their demonstration of the masculine virtues of ambition, competitiveness and task orientation. Accordingly, successful women executives were thought to have adopted male characteristics through training or socialization, while progressing upward in the organization. Although few women were expected to penetrate the glass ceiling and enter the top ranks of management (Van Velsor, 1987), the successful 40 year old woman manager was expected to behave no differently as a leader than her 40 year old male counterpart who is a rising star in the organization (Denmark, 1977; Osborn & Vicars, 1976).

But there were counterarguments about what it takes to be "successful" leaders. First, regardless of their sex, the best leaders were characterized over the last forty years as those who integrated their task- and relations-orientation in their behavior toward their colleagues and direct reports (Bass, 1990; Blake & Mouton, 1964; Hall, 1976; Misumi, 1985). At the same time, task-orientation was seen as more of a masculine trait, while relations-orientation, particularly evidenced in nurturing, consideration, and caring, was regarded as more feminine (Eagly & Crowley, 1986; Eagly, Mladinic, & Otto, 1991). The balancing required of task and relations-orientation led to the proposition that the best leadership may be found in androgynous attitudes and behavior.

A Woman's Way May Be Different. Rosener (1990) declared that there is a woman's way of leading which differs from the traditional masculine approaches. Helgesen (1990) agreed, arguing that women leaders were more likely to structure flatter organizations and more likely than men to emphasize frequent contact and sharing of information in "webs of inclusion." Barbara Grogan, owner of Western Industrial Contractors, is illustrative. She maintains no hierarchy and she feels no one is the controller of information and power in her organization (Holusha, 1991, p. 1).

Eagly (1991) provided empirical evidence of consistent differences between males and females in leadership styles, particularly in that women leaders tend to be more democratic and participative than their male counterparts. "Women evidently proceed with more collaboration and sharing of decision-making (p. 16)." Nevertheless, the empirical differences between male and female leadership styles, although present, are small in effect and moderated by organizational factors (Eagly, 1987). For example, women were seen as more task-oriented than their male counterparts in occupations such as nursing.

EVIDENCE OF DIFFERENCES IN TRANSFORMATIONAL LEADERSHIP

Anecdotal, survey and experimental evidence all point to the somewhat greater tendency for women in leadership positions to be somewhat more transformational and to display less managing-by-exception than their male counterparts. Concomitantly, they are seen by their subordinates and colleagues as slightly, but significantly, more effective and satisfying as leaders.

Anecdotal Evidence

In 1985, in an early training workshop on transformational leadership, composed of 12 women and 12 men in upper levels of management of a Fortune 50 firm, I observed during a survey feedback session some potentially intriguing sex differences in transformational leadership ratings. Three to five subordinates had described each of these 24 leaders using the Multifactor Leadership Questionnaire (Form 5R). The profiles for each leader were identified by code numbers only. In the workshop exercise, without knowing their names or sex, I selected the four of the 24

managers with the highest MLQ charismatic leadership scores, which accounts for the greatest percentage of variance in transformational leadership (Bass, 1985) to participate in a team exercise. The probabilities were that two of the 24 would be men, although stereotypes and the literature until then would have suggested that all four would be men (see, for example, Kruse & Wintermantel, 1986). However, contrary to expectations, all four top-rated charismatic leaders were women, and by a sizable margin. During the exercise, I observed their unusual competencies, presence and self-confidence.

New Zealand Survey Evidence

Clearly, the unexpected anecdotal result could have been due to chance. Nevertheless, this pattern was consistent with results I had found previously in New Zealand with two samples of leaders. In a study completed in 1984, 23 New Zealand educational administrators were all evaluated by their direct reports using an earlier form of the MLQ (Form 4). Women supervisors were rated higher on each of the four respective transformational leadership components compared to their male counterparts (Bass, 1985, p. 226).

A similar pattern was found for transformational leadership ratings for 45 New Zealand professional administrators and managers (p. 223). Women leaders were rated higher on transformational leadership as compared to their male counterparts. At the same time, men were found more likely to practice management-by-exception.

CLS Survey Evidence

Multifactor Leadership Questionnaire (Form 5) data from four separate investigations gathered at the Center for Leadership Studies (CLS) between 1986 and 1992 support the conclusion that women display more transformational and less transactional leadership (Bass, Avolio & Atwater, *in press*). In the first study, the majority of leaders assessed—79 females, 150 males—were middle to upper-level managers from six, mainly hi-tech, Fortune 50 firms. Subordinates who rated these managers—219 females, 658 males—were typically selected by the focal managers themselves. In the second study, MLQ data were gathered about 38 females and 58 male first-level supervisors. For the second study, the subordinates—147 females and 124 males—who completed

the ratings were selected randomly. For the third study, 154 female and 131 male focal leaders were drawn from not-for-profit health care, social service, government, and other local agencies as well as small businesses. These focal leaders selected their own 532 females and 381 males as raters before participating in a leadership training program for the leaders. In the fourth study, the subjects—10 female and 36 male leaders—were superintendents, principals and staff from public school districts who had asked 81 female and 50 male direct reports to rate their leadership styles.

Some of the differences favoring the women leaders in transformational leadership were small and some failed in statistical significance as individual studies. Nonetheless, in all four studies, the women leaders attained higher scores for all four components of leadership: charisma, inspirational motivation, intellectual stimulation and individualized consideration. The same was true for contingent reward although the effects generally were not statistically significant. As for management-by-exception and laissez-faire leadership, no differences emerged between male and female leaders except in the case of the first-line supervisors of the second sample where, significantly, women more actively managed-by-exception and, significantly, men more passively managed-by-exception—the reverse of any expectations based on stereotypes about the behavior of women and men. Figure 4 displays the results of the first study and Figure 5 does the same for the second study to illustrate the sex differences.

Women raters were more generally lenient in their MLQ assessments of both men and women leaders but again, contrary to expectations, whether the subordinate providing the MLQ rating was a man or a women made no difference. Komives (1991) similarly found that whether women or men resident assistants reported to a person of the same or different sex made no difference in their view of supervisory leadership or satisfaction with it.

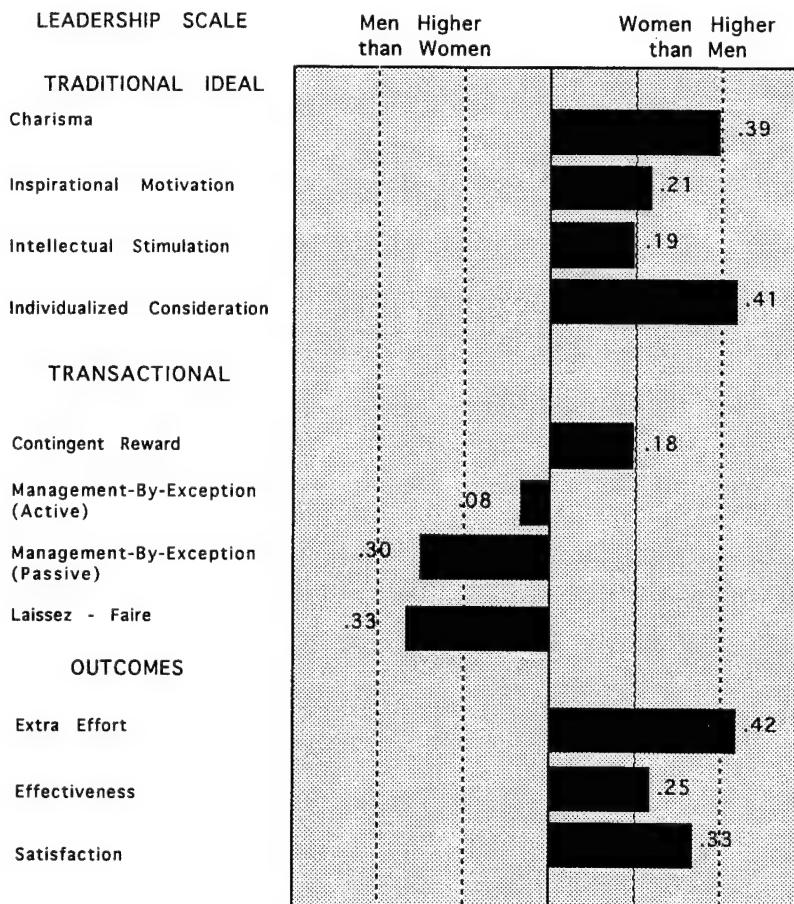
Corroborative Survey Results

These results were supported by Druskat (1994) who completed an MLQ (Form 8Y) survey of 3,352 sisters, 1,541 brothers and 1,466 priests in the Roman Catholic Church in the United States. Form 8Y, a 40-item version of Form 5, was used. Respondents were instructed to describe the person or group in their congregation to whom they considered themselves accountable.

FIGURE 4

Mean Differences Among Men and Women Managers
in MLQ Scores When Rated by Subordinates

(STUDY 1)



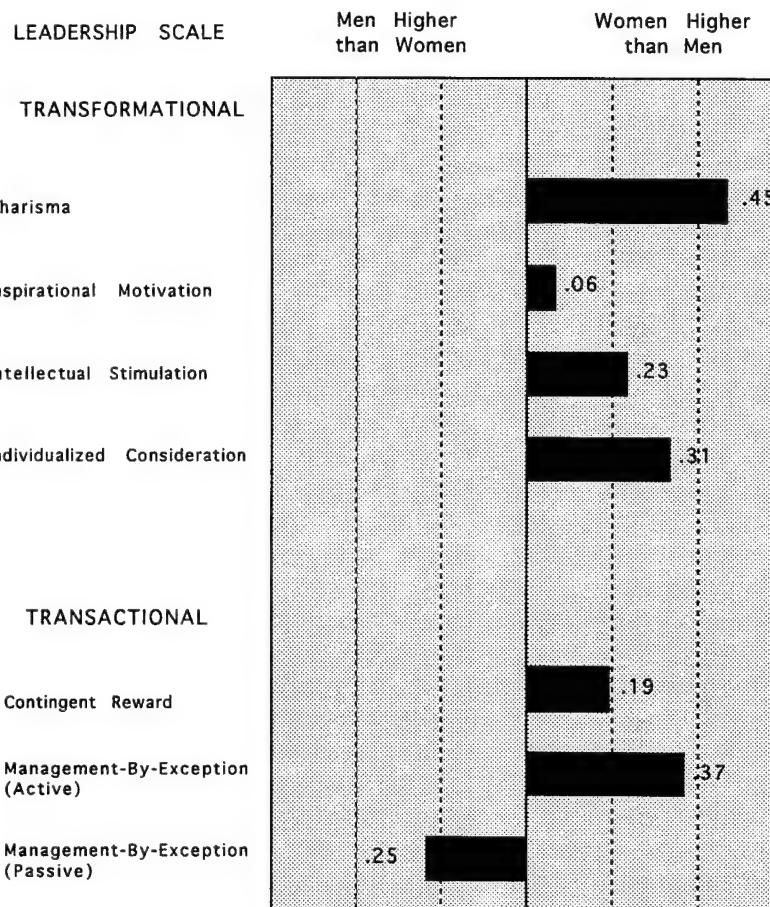
(From Bass, Avolio, & Atwater, in press)

Transformational leadership divided into a factor of charisma combined with individualized consideration and an inspirational-intellectual stimulation factor. Transactional leadership factors which emerged were contingent reward, active management-by-exception and a combination of passive management-by-exception with laissez-faire leadership.

FIGURE 5

Mean Differences in MLQ Scores Among Men and Women Managers When Rated by Subordinates

(STUDY 2)



(From Bass, Avolio, & Atwater, in press)

As expected, for priests, brothers and sisters, all were rated higher in transformational leadership than the norms for the general population. However the female leaders were rated more highly transformational in leadership by their collegial sisters than were the male priests and brothers who were rated by their male leaders as highly transformational. Thus, in the aggregate, the sisters were rated more highly transformational than were brothers and priests. At the same time, however, brothers and priests earned higher transactional scores than did the sisters.

These findings are confounded by the fact that women generally are more lenient raters and leniency correlates slightly with assigning more transformational ratings and less ratings of passive managing-by-exception (Bass & Avolio, 1989).

One disconfirming result was reported by Komives (1991). Forty-three women residence hall directors appraised themselves as less transformational, particularly on intellectual stimulation, according to a comparison by Komives with 31 men also serving as residence hall directors.

Self-Rated Leadership. Indirect corroboration was provided by Bachman and Gregory (1993). Mentoring is clearly an important aspect of providing individualized consideration. A survey of 1,736 Kaiser Permanente management employees by Bachman and Gregory (1993) found women mentors were somewhat more likely to provide role models for both male and female employees and be somewhat easier to talk to. Further indirect corroboration was seen in Air Force Academy data. Although only 5 of 40 U.S. Air Officers Commanding (AOC's) rated as transformational and transactional by 4,400 cadets at the Air Force Academy were women, strong positive correlations were found between the cadets' ratings and the AOC's self-assessments with an Adjective Check List. Self-assessed feminine attributes of the AOC's correlated .53 with cadet-assessed charisma and .54 with intellectual stimulation. Self-assessed masculine attributes correlated -.11, -.16 and -.04 respectively with the cadet-assessed transformational scores (Ross, 1990).

SOME POSSIBLE EXPLANATIONS

A variety of reasons have been offered on why women differ from men in transformational leadership and may be more effective and satisfying as leaders.

Why the Differences in Transformational Leadership?

An explanation for the male-female differences in transformational leadership may be due to the well-known tendency for women, supported by the evidence, to be more nurturing (Eagly, 1991). At the same time there is a strong component of developmentalism in transformational leadership. By definition, transformational leaders focus on developing and raising the awareness of their followers about the importance of satisfying higher order growth needs (Burns, 1978). Transformational leaders also place heavy emphasis on differentiating among the varying developmental needs of their followers. They attempt to understand the needs of followers and then develop them to higher levels (Bass & Avolio, 1990b). Providing indirect support for this latter position, women leaders see themselves on the Myers-Briggs Type Indicator as more "feeling" (Myers & McCaulley, 1985) than men do. Eagly & Johnson (1990) described women leaders as more interested in others than their male counterparts and as more socially sensitive. Women leaders appear to display qualities more in line with transformational leadership. Beyond this, they are also more likely than their male counterparts to attribute their transformational leadership to their relational qualities (Komives, 1991).

A conflict for woman leaders arises due to sex-role stereotyping. On the one hand many still believe that managers should be aggressive, competitive and tough (Bersoff, Borglinda & Fiske, 1991). But women leaders who behave this way are disliked and create dissatisfaction among colleagues and subordinates (Eagly, 1991). District Attorney Marcia Clark, the prosecutor in the O.J. Simpson case, is faulted for her "prosecutory" style!

Another reason for expecting women leaders to be more transformational is the component of moral value in transformational leadership (Kuhnert & Lewis, 1987) and when reasoning morally, women highlight responsibility and care; men, rights and justice. Again, women may be more transformational as they tend to be less self-serving authoritarians than men in leadership style (Eagly & Johnson, 1990).

We cannot ignore some personality traits favoring transformational leadership in male leaders for, as with men in general, transformational leaders are less conforming, more self-confident, and more likely to take risks (Bass, 1985). Women generally are more conforming, less self-confident and less likely to take risks (Hennig & Jardin, 1977). In this regard, Hackman, Furniss, Hills and Paterson (1992) showed in data from 71 men and 82 women in New Zealand that both feminine factors and masculine factors were positively correlated with perceptions of transactional and transformational leadership. The investigators concluded that transformational leadership required a "gender balance" rather than the traditional leadership stereotype of masculinity.

Along with Rosener (1990) it seems reasonable to conclude that women have a leadership style that differs from men. "The view, widely accepted by social scientists, experts on leadership, that women and men lead in the same way should be very substantially revised" (Eagly & Johnson, 1990, p. 248). Furthermore, generally women are somewhat more transformational and as a consequence are likely to be judged more effective and satisfactory as leaders than their male counterparts.

Why Women May Be More Effective and Satisfying as Leaders

Artifactual Effects? There are arguments discounting the empirical findings. For instance, it is suggested that for a woman to attain the same leadership position as her male counterpart she has to be more qualified. But, given poorly administered affirmative action policies, the reverse could also be argued.

The numbers for women may be inflated by stereotyped expectations that they will prove less adequate as leaders so raters "lean over backwards" to give them higher ratings. Men may be expected to live up to higher standards as a consequence of the past stereotyping.

Given the positive correlations of transformational leadership and effectiveness and satisfaction among those led, it follows that if women are more transformational than their male counterparts they will be more effective and satisfying. But is this due to artifacts or changes in requirements for leadership?

Organizational Requirements Have Changed. The facts should not be discounted. While traditional hierarchical organizations of the past may have required "masculine" leader behavior, the flatter organizations of today may call for a more "feminine" approach. Organizational cultures are increasingly emphasizing "feminine" caring and concern for others without diminishing the importance of completing the work to be done (Offerman & Gowing, 1990). In the 1985 list of the 100 "best" organizations to work for, as evaluated by members of each of those respective organizations, many of the key organizational characteristics differentiating the best firms from the total were traditional "feminine" qualities (e.g., concern for the individual, devoting ourselves to others, family orientation, sharing, being helpful, and promoting collaboration). Women leaders may be better suited for the organizational culture of the 1990's and beyond. In the military, we are likely to see rising numbers reaching higher levels of leadership and command.



SECTION 7

Implications of Transformational Leadership for Organizational Policies

Introduction

Fighting against superior equipment with far fewer men and tanks than the British had, Ernst Rommel, the Desert Fox, won a series of victories in 1941 and 1942 in North Africa, until defeated at El Alamein. Usually, up front at the scene of the action, he could make rapid assessments and decisions the British command could not. Moreover, he took calculated risks to achieve speed and surprise. His bold leadership contributed to the continuing high morale of his forces.

Leadership makes its presence felt throughout the organization and its activities. We have found that not only is employees' performance better when they believe their leaders are transformational, but they also are more satisfied with the company's performance appraisal system (Waldman, Bass & Einstein, 1987). In the same way, mass downward communications directed toward all have a greater impact if the messages are reinforced face-to-face by their supervisors (Dahle, 1954).

What are the implications of transformational leadership for organizational policies? Where it is in short supply, transformational leadership should be encouraged, for it can make a big difference in the organization's performance. Officers and non-coms need to do more than focus on the exchange of material, social, and personal benefits for adequate performance. The charismatic leader, like the flamboyant George Patton, can instill a sense of mission; the individually considerate leader, like Omar Bradley, can lead soldiers to merge their self-interests with higher-level concerns; the intellectually stimulating leader, Billy Mitchell, can articulate a vision of possibilities. This is not to say that transformational leaders are always prosocial in their efforts, for some, like Napoleon, fulfill grandiose dreams at the expense of their followers.



Unless it is already predominantly transformational, the overall amount of transformational leadership in an organization can be increased substantially by suitable organizational and human resources policies. Transformational leadership at all levels in a firm should be encouraged for it can make a big difference in the firm's performance at any level, not just with the top leadership positions.

Transformational leadership presents opportunities for improving the organization's image, recruitment, selection, promotion, management of diversity, teamwork, training, development, and education. It also has implications for the organization's strategic planning, the design of its jobs and organizational structure. Policies can be set in place which arrange for a desirable mix of transformational and transactional leadership in the leadership displayed by the individual members of an organization as well as in the norms, values, and culture of the organization itself. As a consequence, various aspects of the organization ranging from strategic planning to employee selection will be favorably affected.

The Cascade. The cascading effect of transformational leadership, particularly charismatic leadership, has a number of implications (Bass, Waldman, Avolio & Bebb, 1987). Training in transformational leadership must be provided at multiple successive levels of the organization, starting at the top. Engaging the higher levels in the mentoring and coaching process would be helpful. Higher levels would provide role models for lower levels.

...managers should be observant in noticing how their behaviors and characteristics are being modeled to ensure that their leadership is cascading effectively. For example, a middle-level manager may demonstrate transformational leadership to a subordinate, lower-level supervisor by delegating important, challenging work assignments and decision making. This lower-level supervisor may, in turn, delegate important assignments and decision making indiscriminately to subordinates who are not willing or able to handle such responsibility. The middle-level manager should provide the first-level supervisor with coaching as to how and when delegation can be used effectively. However, charismatic leaders...may come on "too strong" for some or all of their best subordinates...charismatic first-level

supervisors require fewer charismatic qualities in their own superiors. It may be useful to "tone down" one's charismatic behavior particularly with those subordinates who are also deemed to be charismatic themselves. (p. 85-86)

Implications for Strategic Planning

Whether the organizations are more transformational or transactional will affect the openness and control of the flows of information, the importance of organizational rules and procedures, the centralization or decentralization of power, and the bases of power (expert vs. legitimate vs. esteem), all of which are likely to affect the organization's strategic planning.

Shrivastava and Nachman (1989) were able to categorize the strategic planning observed in organizations into four clusters: entrepreneurial, bureaucratic, political and professional. It can be seen that the transformational-transactional paradigm and the individual and organizational levels could account for much of what was found in the 27 organizations. In the *entrepreneurial* cluster, a confident, entrepreneurial, energetic, knowledgeable individual "uses his personality and charisma" (p. 14) to set up the roles for others and control their performance. Examples of these individuals were Howard Head of Head Ski, Marcel Bick of Bic Pen and John Connolly of Crown, Cork & Seal. Their businesses would most likely fit the high-contrast or moderately transformational types we described in Section 5.

The second cluster was *bureaucratic* akin to our highly transactional organizational type,

... strategic direction and thrust... is guided by... the bureaucracy... standard operating procedures and policies shape the strategy.... Members are accustomed to adhering to existing rules and regulation.... They take preassigned organizational roles as guides to behavior. (p. 14, 15)

Specified are the nature and amounts of information, the kinds of analyses that must be completed, and the elaborate ratification and authorization procedures that must go into problem-solving and decision-making. Texas Instruments is cited as a representative case.

The third cluster is *political*. Organizational decisions emerge as a consequence of coalitions among the managers, each with functional authority over some part of the organization. Jointly negotiated interests and goals of a dominant coalition of managers determine policies, strategies and plans. Again, much transactional leadership is apparent. It can be collegial, constructive and supportive such as in the case of Hospital Affiliates closest to our contractual type of organization described in Section 5 or it can be destructive and fragmenting as in the case of the Saturday Evening Post where jockeying for the top position and lack of control (more akin to our garbage can organization) led to the demise of the organization.

The fourth cluster is *professional*, for instance, it includes an R & D organization with a staff of professionally educated and trained specialists whose influence depends on their expertise. There is collegial maintenance of standards, identification with professional peers, and concerns for autonomy and commitment. Small groups devise their own procedures. "Strategy-making is guided by...knowledge-based discourse..." (p. 17). Much of the cultural character here is transformational. Delta Electronics is illustrative.

Implications for Corporate Image

An organization that is permeated with a suitable pattern of transformational and transactional leadership from top to bottom provides an image to its own cadres as well as to financial backers, suppliers, customers, clients and the community-at-large, of an organization that is oriented toward the future, that is confident about its capabilities, that has personnel who work together for the common good, and that values highly its intellectual resources, flexibility, and the development of its people and products. For the Army, its true state of readiness is both praised and prized by both insiders and outsiders.

It is no accident that many of excellently managed firms nowadays contain a large proportion of transformational leaders. Conversely, the poorly managed "dinosaurs" need to develop a lot more of transformational leadership in their organizations. By "a reasonable frequency" of transformational leadership, our frames of reference are the scales of the MLQ. All correlate highly with effectiveness, performance and satisfaction. We suggest a mean of

3.0 or higher on each of the four scales of transformational leadership whose magnitude-estimated anchors range from a true zero for the response of "never" to a maximum of 4.0 representing "frequently, if not always." The response "sometimes" is set at 2.0. Contingent reward and active management-by-exception ideally should be at about 2.5 for military organizations and passive management-by-exception and laissez-faire leadership at 1.0 or below on the average.

Implications for Recruiting

Increasing transformational leadership within the organization may attract better recruits. Candidates are likely to be drawn to an organization whose head is charismatic and inspirational and who is known to be confident, successful, and optimistic. Moreover, prospects are likely to view the organization more favorably if the interviewer displays individualized consideration. Better educated and brighter prospects will be impressed in meeting with intellectually stimulating representatives of the organization during the recruiting process.

Implications for Selection, Promotion, Transfer and Guidance

The leadership components of charisma, inspirational motivation, intellectual stimulation, and individualized consideration that describe transformational leaders can be incorporated into assessment, selection, and placement programs (see Section 9). And as leadership performance at one level is likely to forecast performance at the next, followers, peers and superiors can be used to describe the current leadership behavior with the Multi-factor Leadership Questionnaire of prospective candidates for promotion or transfer into positions of increasing supervisory responsibility. Feedback of MLQ results can also be used for mentoring, counseling, coaching and training (Bass & Avolio, 1990) (see Section 8).

Again, since charismatic and inspirational leaders display various personality attributes such as high energy, self-confidence, determination, intellectual and verbal skills, strong ego ideals, and an inner locus of control, measures of such traits can provide valid screening instruments. In the same way, underlying individualized consideration are coaching skills, preference and use of two-way communication, empathy, and willingness to use

delegation. Intellectual stimulation involves general intelligence at lower organizational levels and cognitive creativity at higher levels. Each of these traits and abilities can be as assessed in advance and used as part of larger selection batteries as will be discussed in Section 9.

When employees rate their managers on the MLQ, they describe new business leaders as significantly more transformational than established business leaders. Thus MLQ scores can be used profitably to identify executives to head new ventures (Bass, 1990). The parallel in the military may be sorting out the better garrison from the better combat commanders. Bass (1985) found that field-grade combat officers were more transformational than those in non-combat assignments.

Implications for Personnel Development

A management trainee's first supervisor makes a big difference in his or her subsequent career success. In 1978, it was found that six years after a sample of over 400 managers had joined Exxon, those who were more highly rated for merit by superiors at the end of the six years reported that they had been given challenging assignments by their initial supervisor (i.e., they had been inspired, intellectually stimulated, and had received individualized consideration). They were also more highly rated at the end of the six years if they had been assigned to initial supervisors with good reputations in the firm. They could model their own leadership style after that of their initial supervisors. Thus, Bass, Waldman, Avolio, and Bebb (1987) demonstrated that if immediate superiors are more charismatic, their subordinates will also be more charismatic in their leadership.

Organizational policy must support an understanding and appreciation of the maverick who is willing to take unpopular positions, who knows when to reject the conventional wisdom, and who takes reasonable risks (Bass, 1990). The designer of the stealth fighter had to overcome ridicule and disbelief before getting approval to proceed. Policy should encourage the nurturance of intellectual stimulation as a way of life in the organization. In the Information Age, the "best and the brightest" should be encouraged and nourished. Innovation and creativity should be fostered at all levels. Effective total quality management programs will depend much on this effort.

Implications for Training

Transformational leadership is a widespread phenomenon (Bass & Avolio, 1990). As we will detail in Section 10, surprising little more of it occurs at the top than at the bottom of an organization. The gradient was rather small, when comparisons were made among 700 NATO field-grade officers and when Navy lieutenants were compared with Navy captains and their superiors. It has also been observed by many personnel in their first-level supervisors. As will be the subject of Section 8, transformational leadership can be taught and learned. Shop stewards in correctional institutions, project leaders, first-line supervisors, middle managers and senior executives in industry, hospitals, education and elsewhere have benefited from training in transformational leadership.

Implications for Leadership Education

Military academies have traditionally emphasized leadership education. Currently there is considerable interest in leadership courses in both liberal arts colleges as well as professional schools of business, education, social service, nursing, etc. At least 600 such courses were being offered, according to a recently completed survey of colleges by the Center for Creative Leadership. The subject of transformational leadership also has been added to many of these programs. For instance, in one such leadership course at the U.S. Air Force Academy at Colorado Springs, both faculty and students examine how Air Force commanders who are transformational leaders serve as role models for the cadets in their squadrons. Scales from the MLQ are used to show that the transformational leaders among the instructors and staff provide role models for their students. The faculty and students discuss the questionnaire results and their implications (Curphy, 1990).

Clearly, training can seldom turn an exclusively transactional leader into a highly transformational leader. Moreover, some leaders, while striving to be transformational leaders, can misuse their training. Their pseudotransformational efforts only further the leader's self-interest and values. Under the influence of such a leader, followers can be directed away from their own best interests and those of the organization as a whole.

For too long leadership development has been seen mainly as a matter of training, as such, and skill development. But leadership—particularly transformational leadership—should be regarded as an art and a science likely to be enhanced with a quality education process.

Implications for Career Development

Three points can be made here. First, it will pay to introduce the concept of transformational leadership by example early in the careers of new personnel and then to provide continuing support for it. Second, its diffusion will flow “top down.” Third, the organizational culture should support its development and maintenance. Transformational leadership and the philosophy that underlies it can become an integral part of an organization’s career development program.

In support of the first point, as we have already noted, the first supervisor of a new recruit can make a big difference in the subsequent career success of the recruit. A policy of individualized consideration at all organizational levels will encourage a renewal of each individual to achieve his or her maximum potential throughout that individual’s career in the organization. In support of the second point, we have also described the cascading effect. Managers tend to model their own transformational leadership on that of their immediate superiors or mentors. As higher-ups become more transformational, we see more transformational leadership cascading downwards (Bass, Waldman, et al., 1987). To illustrate the third point, policies should be in place so that intellectual stimulation is nurtured and embedded as a way of life in the organization’s culture. Organizational policy must support an understanding and appreciation of those who are willing to take unpopular positions at early stages in their careers, who know when to reject conventional wisdom, and who can accept reasonable risks. There must be a “right to fail.”

Implications for Job Design and Job Assignment

As we have noted, highly rated managers had had challenging tasks delegated to them by their supervisors when they first joined the company. Jobs should be designed to provide greater challenges.

In Section 12, we will discuss substitutes for leadership. One likely substitute for inspirational motivation is being assigned a challenging task. Individualized consideration should be provided through delegation with guidance and follow-up. This should become an individualizing and developmental way of life in the organization.

Transformational leaders show individualized consideration by paying attention to the particular development needs of each of their subordinates. Subordinates' jobs are designed with those needs in mind as well as the needs of the organization. One subordinate could profit from the experience of leading a project team. Another needs an opportunity to reinforce what she has learned in an advanced computer programming class. Their individually considerate leader assigns them tasks accordingly.

Leaders can be intellectually stimulating to their subordinates if the leaders' own assignments give them the discretion to explore new opportunities, to diagnose organizational problems, and to generate solutions. On the other hand, leaders with assignments from higher authority or outside constituencies that force them to focus on solving small, immediate problems are likely to be less intellectually stimulating than those who have the discretion to envision what is needed, and who have time to think ahead and to think proactively.

Implications for Organizational Structure

Transformational leadership is not a panacea. In many situations it is inappropriate and transactional processes are indicated. In general, organizations and agencies that are functioning in stable environments can afford to depend on their "one minute" managers to provide the necessary, day-to-day leadership. If the technology, workforce, and environment are stable as well, then things are likely to move along quite well with managers who simply promise and deliver rewards to employees for carrying out assignments. And in stable organizations, even active management-by-exception can be quite effective if the manager monitors employee performance and takes corrective action as needed. Rules and regulations for getting things done, when clearly understood and accepted by the employees, can eliminate the need for leadership under some circumstances.

But when the organization or agency is faced with a turbulent environment; when its products and services are born, live, and die within the span of a few years; and/or when its current technology can become obsolete, then a rigid organizational structure of rules, regulations, job specifications and passive management-be-exception becomes the "kiss of death." Transformational leadership needs to be fostered at all levels in the organization. In order to succeed, the organization needs to have the flexibility to forecast and meet new demands and changes as they occur, and only transformational leadership can enable the firm to do so. The ill-structured problems faced by such organic organizations call for leaders with vision, confidence and determination. These leaders will have to move followers to assert themselves and to join enthusiastically in organizational efforts and shared responsibilities for achieving organizational goals. The leaders will arouse followers' collective consciousness about what they are attempting to accomplish. Charismatic/inspirational qualities, attention to individualized consideration, and to intellectual stimulation are to be sought and encouraged in organizations that must live with continuing demands for renewal and change.

Problems, rapid changes, and uncertainties call for a flexible organization with determined leaders who can inspire employees to participate enthusiastically in team efforts and share in organizational goals. In short, charisma, attention to individualized development, and the ability and willingness to provide intellectual stimulation are critical in leaders whose organizations are faced with demands for renewal and change. At these organizations, fostering transformational leadership through policies of recruitment, selection, promotion, training, and development are likely to pay off in the health, well-being, and effective performance of the organization.

With the cohort of recent and new recruits, the successful military organization will be the place where individual needs are recognized and enhanced rather than brought into conformity with the old way of doing things. Within the constraints of military requirements the dreamers will be allowed to dream and to test the absurd in problem exercises. The leaders will know that the best form of leadership builds followers into disciples who take responsibility not simply to accept a vision, but to expand that vision even further than their leaders anticipated.

Implications for Diversity, Team and Organizational Development

Transformational leadership has direct application to diversity and to group and organizational development as well. Following both processes to their logical extreme, a transformational leadership training and development program should be evaluated as successful if the organization has been transformed to a level where it challenges its diversity of followers to develop themselves as well as others around them. The program should be evaluated as successful if leaders develop themselves to a level where they have inspired their diverse followers, intellectually stimulated them to solve problems in unique and creative ways, and exercised individualized consideration. If such transformations have occurred both individually and at the group and organizational level, the stage is set for furthering the organization and its members' achievement of their full potential.

The advantages of transformational leadership can be reinforced by organizational policies, structure, and culture, thus greatly improving the overall performance of both individual members and the organization as a whole. Increased transformational leadership and its effects can occur at every organizational level.

Team Leadership. Leaders need to be individually considerate in dealing with followers from different functional areas and backgrounds and must show sensitivity to these differences. They must avoid glossing over the different constraints faced by their diverse subordinates who may be on different career ladders, have different superiors to whom they report, be of different race and sex, and who have their different needs. Individually considerate leaders need to show they recognize the multiple identities of their team of diverse subordinates. They should delegate opportunities to make it possible for some of the different subordinates to represent the team in meetings with other teams, with higher authority and outside agencies. Team leaders need to be sensitive to the demands placed on individual members of the organization from different functional areas, their reputation, and the quality of the relationships in their different functional areas. In the military, in particular, special attention must be paid to family issues. Team leaders need to be conscious of the different kinds of issues that are sensitive to members of different minorities. The team leader must know the capabilities of each team member.

Intellectually stimulating leaders take advantage of diverse background and experience of their team members, which can promote greater creativity than if the members are homogeneous in functional expertise and background. Not being an expert in all areas represented by the members of the team, the intellectually stimulating leaders should serve as catalysts for creative activity. They move the members to unearth their diverse assumptions and to problem solve in orderly stages. The team leaders need to be directive when necessary, clarifying, summarizing, and testing for consensus.

Implications for Decision-Making

Team and organizational decision-making ideally involves scanning, problem discovery, diagnosis, search, evaluation, choice, innovation, authorization and implementation (Bass, 1983). It should proceed in an orderly forward fashion from scanning to implementation but seldom does. For instance, without adequate diagnosis and search, many an ineffective team or organizational leader first makes a choice, then asks for a justifying evaluation of the preempted choice.

The process may flow in a reversed direction. We may observe direct and indirect links and reversals among each of the phases from scanning to implementation. Thus, failed attempts at innovation may result in a need to return to the diagnostic and search processes.

Intellectual stimulation may be necessary when seemingly unresolvable problems of conflicts among the diverse interests of the members arise from the divergent interests of the members. Basic assumptions need to be tested and alternative viewpoints, procedures, and perspectives need to be developed. Inspirational team and organizational leaders need to promote understanding of the team and organization's mission and importance. They need to describe what should be done in a language that the diverse members find readily understandable. Inspiring leaders remain optimistic about likely outcomes and boost their team's and organization's confidence. Simple words are employed which permit understanding across the boundaries between the functional areas and the diverse backgrounds of the members. A common language is sought. Technical jargon is avoided wherever possible if it is limited to usage to only a few of the members.



Despite the diversity of interests and backgrounds, team and organizational leaders must inspire a clear sense of purpose and direction. They must be "keepers of the vision." Team leaders should promote cooperation and alignments of individual, team and organization.

Ideally, it should be possible to attribute some charisma to the person who leads the team or organization. They should have a reputation for integrity, capability, and success. In turn, such charismatic leaders should provide a role model for working well with others of different opinions. The leader, ideally, should be someone whom the diverse members will want to emulate.

Not to be forgotten is the need for team and organizational leaders to be transactional as they cope with necessary technical controls and personnel practices. The more they can be constructive and active in their exchanges the more likely the team or organization will progress as an effective decision-making body.



SECTION 8

Development and Training in Transformational Leadership

How and what about transformational leadership can be effectively taught and learned? To answer this question, we will first address some of what is known about the experiences in one's earlier development that constitute becoming more of a transformational than a transactional leader. Then, we will describe a customized training program which has been taught to several thousand administrators and managers in a variety of agencies and organizations. We will conclude with evaluations completed demonstrating the extent to which significant learning has occurred and been applied and commentaries about the successful training of transformational leadership in several other programs.

DEVELOPMENT OF TRANSFORMATIONAL LEADERSHIP

Assessment of Personal Background and Experience

Interviewers of job applicants and candidates for promotion delve into the past of applicants or candidates to assess their leadership potential. Such interviews also have been conducted in many research efforts to detect differences in background of transformational and transactional leaders (Avolio & Gibbons, 1988). The predictive utility of biodata in forecasting subsequent leadership performance, well-known in its time, was present in Cox's (1926) study of the biographies of 300 geniuses. Evidence from biographical accounts about the development of 69 famous world-class transformational and transactional leaders was reported in anecdotes by Bass (1985) and empirically by Bass, Avolio, and Goodheim (1987).



The approach was applied in standardized versions of application blanks and personal history forms for early identification of leadership potential in industry, education and the military. Leadership potential found was correlated with items such as: age at beginning first steady paid job, volunteer work, learning to swim and ride a bike, rural or urban background, early experience as a supervisor, shooting a gun, hiking, camping, repairing cars and engaging in athletics while in high school, and previous organizational and work experiences as a leader (e.g., Owens & Schoenfeldt, 1979). However, Betlin and Kennedy (1990) showed that the experience had to be relevant for it to be predictive. Measures of experience such as time in service and the diversity of experience (in terms of the different number of positions previously held) added only 1% to 5% to the prediction of the current military performance of the 84 U.S. Army captains based on ratings by two superior officers (the battalion commander and the battalion executive officer). But what was highly predictive was the relevance of previous assignments and responsibilities assessed by a set of expert judges which added 20% to the prediction of the current assignments of the captains as company commanders, personnel officers, intelligence officers, operations officers or logistics officers. Earlier relevant experiences also appear to contribute to emerging as a more transformational leader in adult life.

Differences in Life Histories. Among Digital Equipment senior executives, Avolio and Gibbons (1988) compared transactional and transformational leaders (according to MLQ ratings by their immediate followers). Differences in life history profiles were revealed in in-depth interviews that were completed with the executives. Interviews were conducted with executives who had been identified as high in transactional or transformational leadership or low in both. Highly transformational executives came from families that stressed high standards of excellence along with strong, supportive homes. Executives rated by their immediate followers as highly transformational reported in retrospective interviews that their parents provided them with challenges but also supported their children's efforts whether they resulted in success or failure. It was okay to fail as long as you tried your best. Mistakes were considered part of the learning process. Transformational leaders engaged in more leadership activities in high school and college. They did not play at being leaders. Rather, their leadership behavior was an integral part of

their persona, based on long-term development rather than a quick dose of training. On the other hand, transactional leaders tended to take on particular leadership roles according to the situation they faced—the kind of leadership then taught in short-term training programs.

Similarly, Yammarino and Bass (1990) found that those junior Naval officers who were rated as more transformational tended to be more involved in high school sports activities, particularly team sports. Again, for Virginia Military Academy cadets, adolescent athletic activities were a positive indicator of subsequent transformational leadership performance (Atwater, Lau, Bass, et al., 1994).

In another retrospective analysis, prior to their beginning a transformational training program, Avolio (1994) asked 182 leaders from different organizations and agencies to complete a questionnaire about their life before volunteering for the program. Included in the Life History Questionnaire were eight questions about their parents' interest. For example, how often did one or both parents "take an interest in how you were doing in your classes in elementary or high school?"

The moral standards and strictness of parents were queried along with the extent the respondents wanted to emulate their parenting. Experience in high school athletics and other extracurricular activities were examined along with favorableness of attitudes toward school and one's first full-time job.

Empirical Findings. The 182 focal leaders completed the self-rated MLQ and were rated by their 856 followers. Overall, a meaningful pattern was found of correlations between the retrospections of one's life history and self- and follower-rated MLQ's. Scale scores on a factored cluster of items which recalled positive experiences in elementary and high school correlated between .19 and .24 with all four self-rated components of transformational leadership factored scale scores. Again, feeling positive about the work experiences in one's first full-time job correlated with MLQ self-ratings as follows: charisma, .24, inspirational motivation, .36; intellectual stimulation, .30 and individualized consideration, .27. High parental moral standards correlated .16 with individualized consideration.

Parental interest and their high moral standards correlated significantly between .16 and .20 with charisma and individualized consideration as measured by followers' MLQ ratings. As would be expected, favorable school experiences correlated .17 with intellectual stimulation as seen in the leaders by their followers. Also, a scale based on factored items of frequent engagement in athletics and outside activities while in high school correlated -.31 with self-rated intellectual stimulation.

Intuitive-Empirical Analysis

In addition to the empirical findings just described, in an as yet unpublished analysis (Bass & Avolio, undated), an intuitive-empirical approach was applied to the biodata. The items and their alternatives had each been placed in the biodata questionnaire because intuitively it was thought that each contributed to at least one of the components of the full range model of transformational-transactional leadership. For example, prior to any data analysis, we began with 92 alternatives from 49 of the items which we hypothesized would be indicative of development as a charismatic-inspirational leader. Empirically, we found for 44 of the 92 alternatives, responses which were at least 6% greater for those 167 community leaders above the median on charisma and inspirational leadership as MLQ rated by their 786 followers than for those below the median on MLQ-rated charisma and inspirational leadership.

Charismatic-Inspirational. Consistent with the straight-forward empirical correlational results of biodata scale scores and MLQ scale scores were the emergence of three sets of biodata precursor alternatives which both intuitively and empirically discriminated according to the 6 percent criterion between the above-the-median and below-the-median MLQ groups. We began with 92 alternatives from 49 items which we hypothesized in advance were precursors of inspirational leadership. Of these, 24 also were empirically discriminatory in that those above the median on the MLQ charisma and inspirational motivational scales chose the alternative so identified at least 6 percent more frequently than those below the median.

The hypothesized biodata precursory description of future charismatic-inspirational leaders according to their 786 followers was as follows:

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- Parental achievements were equal to those of most parents.
- Both father and mother succeeded in being good parents, but "I'll do better."
- Upbringing was strict but fair.
- No, mother was not employed.
- Did not confide in mother.
- Family never moved from one house to another.

School age experiences included the following precursors of charismatic-inspirational leadership on the MLQ:

- Almost always a leader of the gang or "clique."
- Usually picked near first for team games.
- Participated in student government, fraternity, and social groups in high school.
- One of the most active and popular students in high school.
- Preferred teachers hard to get a good grade from.

Early adulthood precursors of charisma-inspiration included:

- Most bothered by other people's lack of initiative.
- Is quite confident of self in most activities.
- Dissatisfied with self once in a while.
- Most important is making the most of abilities (self-actualization).
- Most influencing career was accomplishing an ideal at work.
- Engages in religious activity 1-3 hours a week.
- Reads adventure stories, biographies and historical novels.
- In past 5 years, held offices in clubs, committees, etc.
- Held 3-5 elected positions in past 3-5 years.
- Most influencing my career was accomplishing an ideal at the work.

Intellectual Stimulation. Forty-four of 135 alternatives had been singled out as hypothesized precursors of intellectual stimulation from among 27 5-item choices. Of these 44 intuitively-selected alternatives, 10 proved to be empirically discriminating and in the hypothesized direction. They clustered into family and school experience and adult interests in that at least 6 percent more of those above the median than below the median in MLQ intellectual stimulation, as rated by followers, chose the alternative.

Precursors of intellectual stimulation included:

- Father had a graduate degree.
- Mother was a college graduate.
- Several bookcases full of books available when growing up.
- Liked school very much.
- Somewhat above average student in high school.
- Read one or more newspapers thoroughly each day.
- Devotes much time to reading all kinds of material, including work-related.
- Bothered most by people who brag.
- Self-actualization most important.
- Like most listening and/or creating new ideas on the job.

Individualized Consideration. Those higher in individualized consideration on the MLQ compared to those lower responded more frequently as follows:

- Had positive relations on the job with immediate superior, coworkers, subordinates and clients.
- A major motivating force in life is to help others.
- Had a happy rather than an unhappy childhood.
- Were praised as children as rewards for performance.
- Had mothers who took much interest in their K1-K12 school.
- Had well intentioned but overly possessive fathers or highly formal fathers.
- Varied from uninterested to strongly interested in their schooling.
- Wanted others to feel that "I was a nice person."
- Encouraged others to talk to them about their personal problems.
- Told personal problems by others.

Contingent Reward. While many precursors had been uncovered for the transformational components, none of the MLQ transactional contingent reward could meet the criterion of the advanced hypothesization coupled with empirical support.

Management-by-Exception. Fourteen alternatives among 12 items were identified in advance intuitively as likely to be precursors of frequently managing-by-exception. The validity, however, of only one of these was supported empirically. There was an 18 percent greater choice by the "highs" in managing-by-exception than the "lows" for indicating that if brought up by both parents, they both were equal in disciplining the respondents.

Laissez-Faire Leadership. Of 47 alternative responses possible from 24 items from the biodata questionnaire, six were identified in advance as precursors of laissez-faire leadership and met the 6 percent criterion for discrimination. Six of these also passed the empirical test of at least 6 percent greater occurrence among the above-the-median MLQ laissez-faire scores than below-the-median. These six were as follows:

- Father was not at all interested in my K1-K12 performance.
- Parents interested but did not know what career I wanted to pursue.
- When you broke something as a child, parents usually said *little or nothing about it.*
- Parents *neither encouraged nor discouraged* me to seek school or church offices.
- Parents *never* gave me material rewards for good grades in school.
- Was *not* elected to any offices in the past five years.

Implications

The biodata results lend support to the psychoanalytic view than many celebrated leaders such as Pierre Cardin and Henry Ford were "prisoners of their past." Pierre Cardin had a strong need to get even for the wrongs done to him as an Italian youngster growing up in France, upheavals in the family but with continued strong support from his mother. In response, he democratized fashion, creating a billion dollar *haute couture* for the common man. Henry Ford had a difficult relationship with his father and a close, loving mother who died when he was 13. As an adult, Ford had few real friends and was unable to accept ideas easily from others around him (Kets de Vries, 1994). In the same way the differences between two such transformational leaders as Dwight Eisenhower and Douglas MacArthur can be understood to some extent by Eisenhower's more humble beginnings and Douglas MacArthur's, as son of a famous Civil War General.

Transformational leaders in adult life just don't emerge accidentally. They are shaped to some degree by the high moral standards set by their parents and interest shown in their early performance, particularly in school. Avolio & Gibbons (1988) reported that neither a severely disadvantaged nor highly privileged childhood was as conducive to becoming a transformational leader but rather a childhood with some, but not too much, challenge. Consistent with this, Avolio (1994) found that feeling satisfied with home and school were important in retrospect. While adolescent athletics appeared to be a positive activity for military cadet samples of transformational leaders, it was not so for civilian community leaders, perhaps because of the much larger percentage of females (52%) in the community sample.

COUNSELING, TRAINING AND EDUCATION

Transformational leadership can be taught and learned. However, as Bennis and Nanus (1985) noted, the traditional MBA program was failing in this endeavor because it focused on learning to manage simple, stable situations. It served to create a bureaucratic transactional mentality.

Competencies To Be Learned. Conger and Kanungo (1988) suggested that charismatic leadership, which in their definition includes four components of transformational leadership, can be developed by learning five competencies. The first is critical evaluation and problem detection. The second is envisioning which can be fostered in courses in creative thinking to learn how to unlearn and to contemplate profound changes. The Quick Environmental Scanning Technique (QUEST) was suggested as an aid. Here participants brainstorm about their company's environmental circumstances and devise strategies for dealing with change. The third competency is the communication skill for conveying a vision. The fourth competency is impression management to reinforce the bases of their transformational leadership. For this, they need to learn the use of exemplary behavior, appearance, body language, and verbal skills. The fifth competency to be acquired is how and when to empower followers to enable them to complete the mission shared with the leader. Empowerment can be enhanced through the competence of transformational leaders in communicating high performance expectations, improving participation in decision-making, removing bureaucratic constraints on followers, setting meaningful goals, and applying appropriate systems of reward.

At least one report of a 3-day workshop on transformational leadership for Israeli Defense Forces military cadets has been published (Popper, Landau, & Gluskinos, 1992). And aspects of the components have been introduced to the Air Force Academy classroom (Curphy, 1990; 1992).

Training and education in transformational leadership must promote self-understanding, awareness and appreciation of the range of potential leadership behaviors used by both effective transformational and transactional leaders. It must go beyond skill training. It must be internalized and point to the extent that the best of leaders are both transformational and transactional but they are likely to be more transformational and less transactional than poorer leaders.

In the next portion of this section, dealing with in vitro counseling, training and education for transformational leadership, we will primarily depend on experience with the full-range of leadership model (based on the MLQ factor structure) and its applications since its components are probably the most widely used in diverse civilian settings. For this reason most of what follows in prescription and evaluation of counseling and training will be based on unpublished work completed with training over 500 civilians in not-for-profit organizations and a similar number in profit-making firms.

COUNSELING AND GUIDANCE

Feedback of MLQ Results

For people to change their behavior, perceptions, and attitudes, they need to be aware of the specifics that require changes and the motivation to make such changes. A diagnosis is needed to establish appropriate substitutes for currently noted ineffective leadership. And so, as Pile (1988) did, results from the MLQ are fed back to each leader in individual counseling arrangements. A computerized MLQ profile provides counselors and leaders with a comprehensive description of the leaders' performance according to themselves, their subordinates or their coworkers (and their superiors when the 360 approach is employed).

The meanings in the data are explained by the counselors to the leaders. Comparisons are drawn: how the leaders' scores compare to the general norms for other leaders, how the leaders' self-ratings compare with ratings by subordinates or coworkers and/or superiors, and how the leaders' MLQ scores compare to other leaders in their own organization. On an item-by-item basis for the 70 items, as well as on the component factor scores, specific areas are identified in the profile that are viewed as strengths as well as weaknesses for the leader.

Since each item does not necessarily identify all of the actions or behaviors that resulted in the rating, the leaders need to give some thought to identifying events, incidents or actions which can aid in their interpretation of the ratings. In addition to reviewing the normative results, leaders need to consider the absolute frequencies they are provided from the MLQ ranging from 0=never to 4=frequently, if not always, for some of the results may seem absolutely too high or too low. A counselee might strive to achieve 3.0 or higher in the transformational components, 2.0 or lower in managing-by-exception and 1.0 or lower in laissez-faire leadership.

In all, the feedback should move the leaders to target desired changes. Rather than spending time questioning their raters' intentions, leaders need to focus on their new awareness of the broad range of leadership components measured by the MLQ at a behavioral level and how many of the individual items within those components apply to the overall model described in Section 1 of this report. Leaders become able to generate personal ideas for self-improvement, and specific goals and objectives to be achieved in enhancing the effectiveness of their leadership potential. Priorities can be set along with the methods used to try to achieve the objectives.

A plan often seen is to try to increase one's individualized consideration and reduce one's passive managing-by-exception. The focus on individualized consideration fits with seeing that one's self-development is consistent with increasing one's emphasis on developing others to their full potential. The skills and insights regarding self-improvement are the same skills and insights important to developing followers to their full potential. Moreover, as a key element of charismatic leadership is role modeling desirable behaviors, showing a willingness to fol-

lowers to change one's own behavior when it is counterproductive, is likely to "rub off" on followers. Counselees must decide for themselves whether they are ready for change, and if so, in what directions to make such changes and the time in which they will make the attempts to change.

The Personal Development Plan

During several months that follow an initial MLQ feedback session, profiled leaders work out their personal development goals and plans. The plan established for an individual leader often varies depending on the specific leader's needs. It may include workshops in areas that require strengthening, one-to-one counseling, observation of other leaders or some combination of activities. Whatever plan is chosen, the focus is on building the leader's ability to function as a transformational and active transactional leader. An on-site OD consultant can serve a very useful role here in facilitating the implementation of the leader's plan through process observations of one-to-one meetings between leaders and followers, by being a "sounding board" of ideas, and by providing support and reinforcement for changes the leader is attempting to implement.

Included in the plan should be a continuation of specific follow-up evaluations. A rather straightforward follow-up might involve readministering the MLQ survey to followers or colleagues of the leader, the leader's superior and to the leader at some designated point in the future. In some situations it may be appropriate to observe the leader interacting with followers or to interview followers, superiors and coworkers to get an estimate of the changes observed in the target leader. It should be kept in mind that the process of change and development regarding the leader is generally a long-term one that requires continual updating, feedback, and modification. With most leaders, the changes identified in their developmental plans occur over time. Changes that are abrupt or inconsistent with past behaviors of the leader may be misinterpreted by followers, or even the superior, as well as be seen as threatening (Bass & Avolio, 1990).

A *Planning Guide* is made available to participants to assist in the process. Although the process can take place as a counseling affair, it also can be embedded in the formal training program described later in this section.

Evaluation of Counseling

In an evaluation by Pile (1988), a counselor guided the interpretation process and supported the search for meaning and understanding. Pile reported that Humble Oil managers who received feedback from an internal OD consultant on their MLQ scores along with a session to develop a plan to improve their leadership showed significant improvement in their transformational leadership ratings from their subordinates resurveyed after a 6-month interval. In the counseling sessions, the managers were asked to identify specific leadership behaviors they wanted to improve, ignoring the intentions underlying those behaviors. It was assumed that their intentions were to become more effective leaders, but to do so required them to make changes in their behavior. Compared to a control group of managers who simply received feedback on their MLQ scores, the trained group showed significant improvement in their MLQ leadership ratings.

TRAINING IN TRANSFORMATIONAL AND TRANSACTIONAL LEADERSHIP

Although other programs such as those of Kouzes and Posner (1987), the Center for Creative Leadership's LeaderLabs and Conger-Kanungo's training in charismatic competencies introduce the transformational-transactional paradigm, as far as I can tell, the most research-based effort has been the Full Range Leadership Program (FRLP) developed by Avolio and Bass (1991). It is this program I can describe in some detail to answer the question what and how to train in the paradigm of transformational and transactional leadership.

Full Range of Leadership Development

The prototypical workshop runs three basic training days and two to three advanced training days with a three-month interval between the Basic and Advanced programs. A follow-up is planned for a year later. Each of the three training days may be consecutive or once a week. Customization to fit particular individual or organizational needs may require reducing the training days by omitting or reducing some of the training modules.

Unless the MLQ has been used in prior counseling as described above, the MLQ is distributed approximately four weeks

before the first day of the Basic Training Workshop. The surveys are distributed to followers (and superiors) by a neutral party and returned anonymously. If circumstances preclude advanced distribution of the MLQ, self-ratings are completed at the start of training. Then participants near the end of the Basic Training or personnel staff are asked to distribute questionnaires to the followers of the participants for completion and anonymous return.

The FRLP provides education along with skill training. The philosophy of leadership involved in being transformational and transactional is discussed early on. Although the program contains some simulations and exercises, it mainly is a matter of action learning dealing with real issues, dilemmas and problems faced back home. It is stressed that there are numerous ways to be a transformational and transactional leader—and that one must be both. It is a question, usually, of needing to reduce one's managing-by-exception and increasing some components of one's transformational leadership. The program proceeds from (1) increasing awareness of the leadership paradigm, (2) learning about alternatives that are conducive to improving themselves as well as the followers, and (3) adapting, adopting and internalizing the new ways of thinking and acting.

In the current prototype program, there are 13 modules, eight in the Basic three days and six in the Advanced two to three days. The interval of three months between the Basic and Advanced Programs provides opportunities for trying and reinforcing planned changes before returning for the Advanced Workshop. The 13 modules are presented in manuals for each participant (Avolio & Bass, 1991) and reviewed with certified trainers who complete a special five-day training-of-trainers program.

The Basic Workshop

Introduction. The FRLP program begins with an appreciation of the multiplicity of changes that have occurred to organizational life since the 1980's. Leaders in the military, business, industrial, service and independent sectors will have to be both excellent leaders as well as excellent managers. They face continually changing technologies, demand for faster turnarounds, quality products and intense competition at home and abroad. Organizations have to become more responsive to change to effect change just to keep up with changing internal and external demands on them as well as to maintain and increase their effectiveness.

Relevant to what Section 6 presented, some commentators conceptualize the organizational changes in the 1990's as "feminization." Policies shift toward more caring and concern for their employees (who have survived downsizing). The supposedly feminine values of networking and relations orientation moderate the supposedly masculine aggressive concentration on the work itself. Additionally, the young radicals of the 1960's had found by the 1980's outlets for change in the organizations for whom they went to work. Many of the liberal college students of the 1960's became leaders in industry, the military and elsewhere in the 1980's, resulting in social responsibility and the rights of the individual becoming salient as organizational values. In turn, the amount and rapid pace of change requires in the 1990's that leaders empower their followers with more responsibility and autonomy. Most leaders must be able to articulate a vision of the future, enable their followers to develop the skills necessary to make the vision a reality and empower them to make the effort.

The introduction stresses that the participant needs to be both a good manager and a good leader. While good management involves planning, directing and controlling, good leadership promotes the change needed to meet the rapid advances in new markets and technology. While good management provides predictability and order to meet the current requirements for products and services, good leadership envisions new directions and motivates others to move in these new directions. And while good management organizes and structures its resources to carry out its plans, good leadership inspires commitment, loyalty and involvement to accomplish the mission articulated by the leader.

Module 1. This module follows with an examination of the implicit theories of leadership in the heads of the participants. They are asked to think of a leader in their past or present, either inside or outside of their organization, who has had a profound effect or influence on their development such as a parent, teacher, work supervisor, coach, cleric, or older sibling. They are assigned to briefly write about how they became acquainted with the leader, how long the relationship lasted, the roles they and the leader fulfilled, the challenges involved, and the relevant history so as to provide understanding of the leader's orientation toward leadership and advantages of having known the leader.

In a plenary session, the leader attributes and behaviors presented by the participants are combined by the trainer or facilitator into five or six clusters without any identification of the clusters as

such. But, what slowly emerges is that each cluster is one of the components of the model of the full range of transformational-transactional leadership introduced in Section 1, with most attributes collecting in the transformational clusters, a few in the transactional clusters, and none in laissez-faire leadership. The conclusion is reached that the image of an ideal leader that one carries around in one's head, which is linked to one's implicit theory of leadership, is mainly transformational leadership. And so the question is posed, if this is true, then why don't we do more of it?

Module 2. The second module presents the full-range leadership model with which we introduced this report. Participants review each of the components of the full range of leadership and how they relate to activity and effectiveness as leaders. Case studies and behavioral examples focus attention on the various leadership styles found in most organizations. Questions are posed about each component such as how well it does or does not fit the participants' own behavior and that of their organization.

Module 3. Participants view a videotape, "The Many Roads to Transformational Leadership," which depicts some key behaviors typical of various leadership components. Discussions center around the verbal and non-verbal behavior observed and the effects of the designated type of leadership on the followers and on the observers.

Module 4. Participants receive their own detailed leadership profile based on the rating results of the Multifactor Leadership Questionnaire (MLQ). This survey provides feedback on an individual, organizational, and item-by-item basis. MLQ results help participants create preliminary self-development leadership plans. The feedback and planning content is similar to that described earlier about what is covered in counseling. Participants serve each other as counselors, as desired. The trainer or facilitator also assists the process.

Module 5. Working in teams, participants develop a videotape of two contrasting scenes. Each team scripts and then videotapes each scene in which they serve as the actors. One scene displays transactional leadership and the other scene, transformational leadership. This videotape serves to check participants' understanding of the distinctions between these leadership behavior styles. Each team decides in advance whether both their scenes will show directive leadership or whether both will show participative leadership.

Module 6. This module concentrates on the component of individualized consideration. A survey of why participants hesitate to delegate more frequently is completed. The survey yields feedback on organizational and individual resistances to delegation. Participants learn to use delegation to develop their followers' potential. Many ways to make delegation more effective are presented. The individuals to be helped vary in experience, competence and attitude.

Module 7. Team members rate their peers on the transformational and transactional leadership behaviors observed during the previous modules and discussions. Participants share feedback to the degree desired of the behaviors and discuss reasons for their ratings and implications for improvement.

Module 8. Potential organizational blocks to the participants' leadership plans are addressed—boss, self, followers, policies, etc. Participants refine the objectives of their leadership plans developed in Module 4 and review strategies to overcome the potential blockages to carrying out their plans.

The Three-Month Interval Between Basic and Advanced Workshops

During the three-month interval, participants have time to practice key skills within their own work environment. Advanced readings and cases studies are completed. Participants' leadership plans are tested and refined. The participants may formulate and evaluate specific objectives and assess their organizations' readiness for change. They may involve employees, coworkers, and superiors in evaluating their leadership style. They identify an organizational problem, one which has been difficult to solve, for attempted solution in the Advanced Workshop. And they may experiment with different leadership styles.

They may also collect survey data on their organizational culture (see Section 5) from coworkers, followers, and/or superiors and meet with their superiors to discuss their leadership development plans.

Advanced Workshop

Module 9. The success-to-date of each participant's leadership plan is presented and discussed. Participants review their leadership plans individually and in teams. Reasons for successes and for failures are examined. Problems are discussed and plans revised.

Module 10. Participants complete an exercise to understand how participants' values affect their resource allocation decisions. They are able to discern the differences in their own values and how it affects their resource allocation decisions. The four values examined are power, merit, equality and need. Uses of intellectual stimulation to resolve conflicts in values are considered.

Module 11. During the three-month interval, participants have prepared and submitted actual work problems which appeared difficult or impossible to solve. Intellectually stimulating leadership approaches are presented on how to help one's colleagues be more creative as individuals and in groups. Then teams work out solutions to several of the problems. Discussion emphasizes the intellectually stimulating strategies that were successfully employed to solve the problems.

Module 12. Participants focus on understanding the characteristics of their own organizational cultures, transactional and transformational, using the Organizational Description Questionnaire (ODQ) described in Section 5. They systematically examine desired changes and how to effect such changes. Ways of using inspirational motivation are presented and discussed.

Module 13. This module deals with participants envisioning a near future in which the participants have aligned their own interests as leaders with those of their subordinates, colleagues and organization. The relevance of charismatic leadership is considered. Each participant develops a videotape which shows their vision of the near future. Team members help critique and refine the visions.

Followups

Strongly urged are followups in six months to a year with a half-day workshop. A followup module has been designed for this purpose.

Evaluation of Training

Along with *in vivo* development and *in vitro* counseling, structured training has been found useful. Most of the training builds on already-developed implicit leadership theories held by the participants and skills they have already developed. Where necessary, leadership attitudes, perceptions and behavior are reshaped.

The Basic and Advanced FRLP workshops have been completed by over 500 leaders from different sectors—industrial, government, health, educational administration, etc.—in the Binghamton area as well as upwards of 1,000 middle and senior managers in business, industry and government in the United States and abroad. Military educators from the United States, Indonesia, Israel and Saudi Arabia have been certified in training-of-trainers programs.

Five- and six-day workshops conducted with senior and middle managers in human resource management, marketing, manufacturing, finance, and R & D managers and community leaders have provided considerable evidence that individuals can learn how to become more transformational in their behavior with positive effects on their colleagues' and followers' performance.

As part of FRLP, self-reports and incidents routinely assess the impact of the program. For instance, as already noted, in Module 9, participants report on what they have been able to transfer back to their jobs about what they have learned in the Basic Workshop as well as the obstacles they confronted. When used, the follow-up module provides the opportunity for a more extensive correlation of ratings and critical incidents. Two formal evaluations have been completed, both supporting the utility of FRLP, one a controlled field experiment using shop supervisors and the other a quasi-experimental field study of community leaders.

Shop Supervisors. For a three-day modified FRLP, Crookall (1989) arranged for the completion of a Solomon four-group evaluation design to compare FRLP with the Hersey-Blanchard situational leadership program and two measurement control samples. The leaders studied were shop supervisors working in minimum, medium and maximum security prisons in Canada. The supervisors worked directly with inmates employed in industrial shops to produce specific products for sale within and outside the prison systems. Each supervisor was rated by the inmates attending class in his shop, using a modified version of the MLQ Form 5. (The form was adjusted to provide a reading level commensurate with the inmate's education). The experimental design was employed to test the effects of a training program to increase the transformational leadership of the supervisors and its resulting effectiveness in various industrial and vocational shops in the prison system. Significant training effects were obtained on such outcomes as productivity, absenteeism and the prosocial behavior of the inmates who worked for the trained supervisors. Specifically, compared with untrained supervisors, trained supervisors were found to be more effective leaders on a variety of specific measures of organizational and individual level outcomes. More dramatic effects were reported for FRLP than for situational leadership although both forms of training were found to improve the shop supervisors' performance.

The performances of both trained samples improved, but in comparison to the three other groups of supervisors, those who were trained in transformational leadership did as well or better at improving productivity, absenteeism, and "citizenship" behavior among the inmates; they also won more respect from the inmates.

Community Leaders. A large-scale quasi-experimental pre-post evaluation was reported by Avolio and Bass (1994). At the time of the completion of the evaluation, covering a three-year period, a total of 489 participants in the vicinity of Binghamton, New York had finished the Basic Workshop and 400 participants had completed the full program of the Basic and Advanced Workshops. They came from 183 organizations in the area served. A sample of 66 of the 400 had completed the follow-up module six months to two years after the Advanced Program. Additionally, 105 had completed post-assessment evaluations at this time.

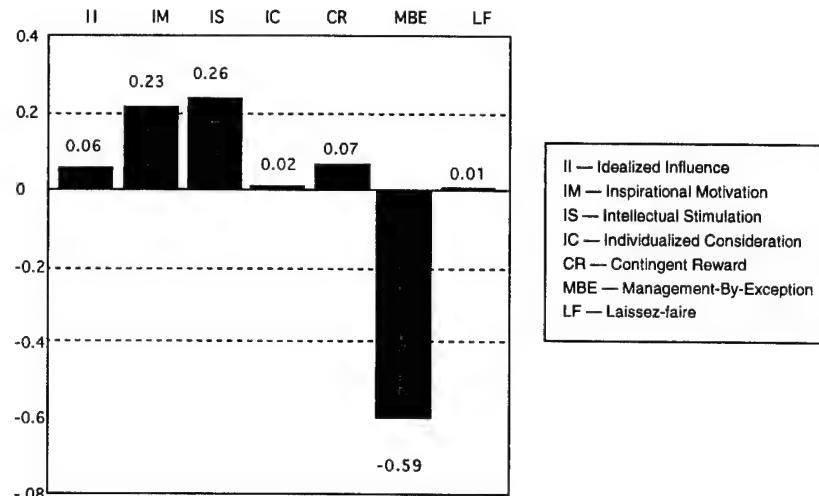
Interviews, open-ended questionnaires, and structured questionnaires of participants and their colleagues were methods used to evaluate the efforts. Participants were drawn from ten sectors of the community. Pre-test, post-test, and follow-up data included self-ratings and ratings from colleagues about the leadership, organizational culture, and performance on the job. Also, considerable biographical data, personality data, and leadership performance data were collected before, during, and following training. It was also possible to complete some analyses of change as a consequence of the training effort.

The 66 participants who attended the follow-up module sessions had been rated more transformational according to MLQ results than those who did not attend. All had finished the Advanced Workshop at least six months earlier. A limited number were invited and many did not attend because of conflicts in schedules. This created a "ceiling effect" which attenuated the overall effects of training. However, the sample of 66 was no different in age, sex, education type of organization from which they came (government, industry, education, health care, etc.) than the 489 who had completed the Basic Program.

Figures 6 and 7 show the changes in MLQ self-ratings and ratings by followers from before Basic training to the follow-up module. As seen in Figure 6 a significant increase of .26 of a standard deviation occurred for self-rated inspirational motivation, .14 for intellectual stimulation and .23 and .26 for inspirational motivation and intellectual stimulation as assessed by over 300 subordinates. As expected, the biggest transactional shift occurred for managing-by-exception, which was reduced by 11 percent of a standard deviation according to self-ratings and over a half a standard deviation (59%) according to subordinates. Rate-rerate comparisons are unlikely to show such changes and while self-ratings may reflect the bias of expectations from attendance in the training, pre-post subordinate ratings of subordinates back on the job are unlikely to be contaminated.

FIGURE 6

Standardized Change in Leadership Styles According to Self-Ratings From Before to After Training of the Leaders in the Full Range of Leadership Program (N = 87)



(From Avolio & Bass, 1994)

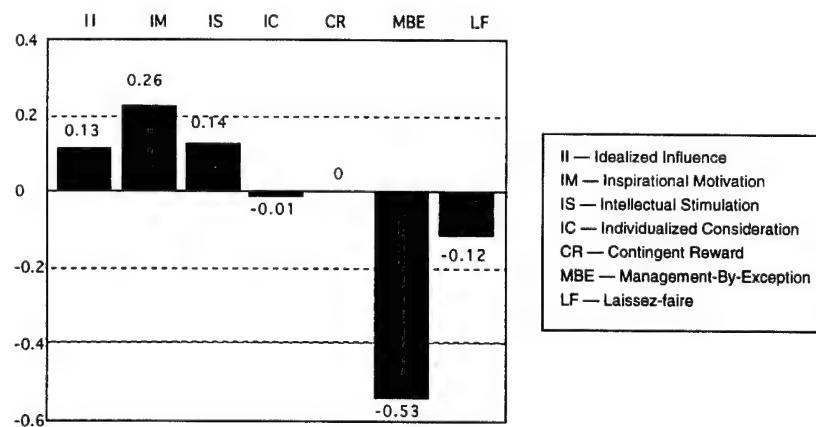
Pinpointing the gains made more specifically was the determination that an MLQ component rose from before the Basic to the follow-up module *only if the component had been included as a goal* of the participant's Leadership Development Plan in Module 4. For instance, intellectual stimulation rose from a mean of 2.53 to a mean of 2.91 if it was a stated goal of the Leadership Development Plan. If it was not, it remained unchanged at 2.74 before and 2.77 at the follow-up. The same effects appeared for all the other components of transformational leadership.

A plurality of participants stated that implementation of their Leadership Development Plans was aided by their own motivation, by their colleagues (34%), by knowledge obtained (13%) and through feedback (12%). Lack of self-discipline and time pressures were mentioned as the factors most inhibiting implementation of leadership development plans.

Built into FRLP were several surveys whose data were fed back to the participants and also provided normative information about the constraints on learning and applying transformational leadership. For example, the 489 participants hesitated to delegate if they were women working in government agencies (surveyed at the beginning of Module 6). Generally, hesitation to delegate (and to be more individually considerate) was a matter of the tendency of the leaders to be task oriented rather than oriented to the development of their subordinates. The leaders hesitated to delegate because the task was too critical. It took too long to train the subordinate. The leader could do the job faster and better. The half of the sample of 489 who were men and who completed Module 11 saw many more stumbling blocks to intellectual stimulation than did the women participants. Those from the industrial sector appeared more prone to such stumbling blocks.

FIGURE 7

Standardized Change in Leadership Styles According to 3-5 Subordinate Raters From Before to After Training of Their Leaders in the Full Range of Leadership Program (N = 87)



(From Avolio & Bass, 1994)

Open-Ended Participant Commentary

Evaluative Comments. Open-ended evaluative comments were obtained from the 66 participants of the followup module, six months to two years following their attendance in the Basic and Advanced Programs. Of all the comments 75% were positive, 23% were neutral, and 2% were negative.

Examples of comments were as follows:

- Surprised to reflect back on how much I have changed and influenced changes in my organization.
- Gave me the opportunity to make and strengthen conceptual connections and apply to past and present situations.
- Additional MLQ feedback is very valuable.
- At the conclusion of this session, I strongly feel that the Transformational Leadership Development Program has changed, for the better, my way of being a leader.
- It was nice to see that what I learned and put in place was effective.
- Felt this was a valuable session as in many cases of change, there is no follow-up on the success or failure of the new implementation.
- Would like renewal sessions on a periodic basis.
- Would like sessions to be held more often with specifically defined and limited agenda.
- I need periodic review and refresher.
- Too rushed—tried to do to much in a short time.

Open-ended statements by the participants in the follow-up module of their most significant accomplishments that had occurred involved issues of charisma, 5%; inspirational motivation, 14%; intellectual stimulation, 29%; individualized consideration, 42%; and contingent reward, 10%.

Most Significant Accomplishments. These included the following comments:

- Seeing growth in a new manager—her increased professionalism and in another, an increased capacity for risk-taking.
- I've made a real attempt to have more frequent staff meetings in spite of the lack of time.
- I've developed an individualized development plan for each staff member that's a little more specific than we had in the past.

- Gaining respect of a colleague.
- Sharing goals and making them a part of our overall planning and information sharing.
- I felt that I wasn't using symbols to communicate my ideas that a leader should be using. The other night we were honoring a retiree. I compared her to a gem, being shiny, being precious, being of value, and I can't tell you how many people came up to me afterwards and commented how that brought the whole evening together.
- The best thing that the program gave me is confidence.
- Getting my people to be more risk-taking.
- Our vision statement was written down and decided upon by the entire group. We were able to agree on four or five values that we all shared.
- I am a stronger but softer leader.

Lack of resources. These figured in 25 percent of the comments about what hindered carrying out the leadership plans developed during the training program.

- Lack of funds, budget cuts and continuing need to find funds.
- Lack of time to learn new skills.
- Lack of time to allow people to get together to plan or decide.
- Lack of time to reach pockets of resistance.
- Day to day workload.

Resistance to Change. These comments figured in 24 percent of the obstacles to carrying out one's development plan:

- Old ways worked ...why change?
- Organizational vision has not been firmly established.
- My own feelings of having to be all things to all people.
- Inability to imagine that women are managers and have overall responsibility for an operation.
- Everyone looking out for themselves.
- I feel uncomfortable with a new approach to my work.
- What organization says and what is actually done are two different things.
- People afraid to take risks.
- People are losing their jobs ...why should I expect them to take risks and put their job on the line?

Other Comments. Other blockages to carrying out one's leadership development plans included: lack of support, 12%; priorities, 12%; lack of self-discipline, 13%; lack of recognition, 6% and miscellaneous other reasons, 7%.

Seventy-five percent said that relationships had gotten better with their boss, their colleagues and their subordinates as a consequence of the program; only 2% to 11% indicated that they had gotten worse. In response to direct questions, 80% said the program had been well worth their investment in time and energy; 90% were satisfied with the application of the FRLP transformational-transactional leadership model to their own overall development.

Satisfaction With FRLP

Similar to what we had found with 400 participants, a great deal or fairly much satisfaction with the overall training program rose from 88% to 92% from the end of the Basic to the end of the Advanced Program for those responding in the followup. All individual modules were seen to be satisfactory and important, but the highest ratings here were given to Module 4 involving MLQ feedback and the Leadership Development Plan.

In Section 4, we already noted that the organizational cultures which are learned about in Module 12 are rated in the followup as more transformational and more transactional by the subordinates and colleagues of the participants. The leaders themselves see their organizations becoming more transformational but not more transactional.

Other Subjective Evaluations. Subjective outcomes of a high degree of satisfaction with the FRLP immediately at the end of the Advanced program have been found for upwards of 250 senior managers in an Italian conglomerate, and from efforts in progress in a variety of American corporations and educational units. Here again, hundreds of illustrations of applications and attempted implementations have emerged in Module 9 dealing with participants' reported efforts during the Basic and Advanced programs. Clearly, the answer to the question, can transformational leadership be effectively taught and learned, is affirmative. Can it be predicted? This is the question to be answered in the Section 9.

SOME NEW DIRECTIONS

Other Programs

Other FRLP scheduled programs to train transformational leadership can range from intensive one-on-one sessions with each of the members of an organization to briefer workshops held on 3 to 5 consecutive days over an extended period of time. In all instances, the nature of follow-up back in the organization is critical to the transfer of training. An internal OD consultant can be important to the change process.

There are many ways that the MLQ can be used by OD consultants. The primary advantage of the measure is that it taps constructs that can be dealt with at the individual, group and organizational level.

Training Transformational Teams

As many organizations are changing from a steep hierarchical structure to a flatter one with fewer levels and lateral multi-functional networks are being stressed, teams are being formed to identify problems and propose solutions. High-performance teams are sought. While teams may make better decisions and increase commitment, the team leadership may over time include all members sharing the leadership to some extent. All team members may need to develop the ability to facilitate, to coach, to mentor, and to teach and delegate to develop others. Knowledge of group processes is important to all the team members. High-performance team members display transformational leadership toward each other.

The Model of Expectations. When individuals are working in unstructured collectives, they are working below expectations as a group. When individuals are working in structured groups they are working at expectations. The individuals in structured groups have well-defined roles. They are working beyond expectations when they form into highly developed, highly performing teams.

Just as we have been able to describe organizations as transformational or transactional, so can we do the same with reference to teams, but in somewhat more detail. The members in unstructured groups display behavior like laissez-faire and passive management-by-exception leaders. They are laissez-faire in that they fail to set clear agendas and are confused about

responsibilities. As a consequence, there is disorganization and conflict among the individual members. The members display passive management-by-exception toward each other. They wait for problems to arise and are hesitant to offer ideas. They are reactive rather than proactive. Members in structured groups display, in varying degrees, active management-by-exception and enact constructive transactions. They monitor each other's performance for deviations and rule enforcement. There is an unwillingness to take risks.

As members become more constructive they increase their commitment, cohesiveness, and drive. They become more focused on their roles and recognition of accomplishments. They provide agendas, assign tasks, and follow up. They become more cooperative and perform at expectations.

Members start behaving as a team when they display individually considerate and intellectually stimulating transformational leadership behavior towards each other. They also show individualized consideration, empathy, and alertness to the needs of the other members. They coach, facilitate and teach each other and are willing to engage in continuous improvement.

In a team, the members are intellectually stimulating. They challenge assumptions and question the traditional ways of doing things. They listen to each others' ideas and feel comfortable offering new ideas. They view problems as opportunities to learn.

In the high performance team, the members inspire each other. They express optimism, excitement and enthusiasm about the future of the team. They are confident that the team has the talent and the experience to meet and exceed its most challenging goals. They parallel the individual concept of charisma in that the members show a high degree of unity, pride in the team, loyalty to the team, cohesiveness and commitment to the team's mission. The members are confident about the competence of each other and their trust in each other. They believe in the dependability, reliability and integrity of each other and the team as a whole. Members influence each other by helping each other to align their individual interests with the general purpose of the team. They sacrifice individual goals for the good of the team. Members serve as role models for each other.



As team members move toward full agreement on a shared vision, they increase their level of commitment, become more cohesive and increase their focus on achieving their team goals. They become highly productive and achieve more than expected.

Application to Training. The FRLP training program for team training first provides in a condensed version the individual training described before. Then team training, following the theory just presented, is completed in a second workshop. Ninety undergraduates have completed such team training and proceeded as teams to pursue community projects of their own choice. Industrial teams have been trained in the same way but no formal evaluations have been completed as yet (Avolio & Bass, 1993).

SECTION 9

Prediction of Transformational and Transactional Leadership

Introduction

Can the tendency to be more transformational be accurately predicted? If so, how?

In Section 8 we have shown that biodata about parents, home, school and early work experiences forecast subsequent transformational leadership and can be justified as additions to predictive batteries. The Army has biodata instruments such as BIOLEAD available. To validate them as predictors would become a matter of correlating the results from such biodata to suitable criteria of emergence and performance as a transformational leader. Such has been done by Atwater, Avolio, & Bass (1991).

In Section 9, we will present relevant global, individual trait and combined trait data that were found to be concurrent in validity or predictive of criteria of components of transformational and transactional leadership and their effects. The global data come from observations by peers of performance in what are essentially initially leaderless group discussions. The trait data come from self reports on personality scales and the combined reports come from multiple regression studies.

Agreement Among Raters

Several different approaches have been used to confirm the reliability and validity of MLQ assessments by examining the agreement among raters.

Rate-Rerate Consistency. First we need to ask whether transformational leadership is predictable. If we know a leader's MLQ profile, can we predict the leader's profile at a later date? The available evidence is supportive. When six months intervene between the first and second assessments of the MLQ by self and subordinates, Pile (1988) found that the first set of results predicted the second set with correlations obtained as shown in Table 8.

TABLE 8

MLQ Rate-Rerate Correlations

| MLQ Scale | Rate-Rerate | Rate-Rerate |
|------------------------------|---------------------|----------------------------|
| | <i>Self-Ratings</i> | <i>Subordinate Ratings</i> |
| | (N = 33) | (N = 193) |
| <i>Transformational</i> | | |
| Idealized Influence | | |
| (Charismatic Behavior) | .60 | .79 |
| Inspirational Motivation | .45 | .66 |
| Intellectual Stimulation | .61 | .66 |
| Individualized Consideration | .70 | .77 |
| <i>Transactional</i> | | |
| Contingent Reward | .44 | .52 |
| Management-by-Exception | .74 | .61 |
| Laissez-Faire | .73 | .82 |

(From Pile, 1988)

Charisma, individualized consideration and managing-by-exception appeared to be most predictable.

Subordinate-Superior Agreement. For 107 midshipmen at the U.S. Naval Academy, Atwater and Yammarino (1993) found that subordinates and superiors of the focal midshipmen correlated .35 and .34 respectively for composite measures of transformational and transactional leadership. Considering that subordinates saw their focal leaders in a quite different relationship than did the superiors of the focal leaders, the correlations of .35 and .34 indicated that considerable variance in the MLQ was attributable to consistent individual differences in the focal midshipmen.

Peer Ratings Based on Performance in Small Groups. In Module 7 of the full-range program of the FRLP in transformational and transactional leadership, participants may use a 21-item list of items to assess the components of the MLQ model displayed by their peers in the small groups they have attended in the preceding Basic Program modules. The mean correlation

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between the sets, each of three items, dealing with the seven components of the model of transactional and transformational leadership correlated .35 on the average with the same components of the MLQ as obtained from the participants' subordinates back on the job prior to beginning the Basic Program.

The data usually remain anonymous and are usually not gathered, so the small sample available for analysis only could provide the suggestion that peers and observers may be able to predict with some validity the transformational and transactional behavior of examinees placed in a leaderless group testing situation consistent with Bass' (1954) conclusion that performance in the leaderless group discussion was positively related to leadership potential, status, esteem and merit. The rationale for such positive correlations was that the LGD requires examinees to be cooperative and competitive, often at the same time, mirroring an important challenge leaders face in everyday circumstances (Handy, 1994).

Cognitive and Personality Assessments by Colleagues

Esteem. Superiors, peers and subordinates can provide 360° assessments of the focal leader's *esteem*—value as a person to the organization independent of the position the leader occupies. Generally, esteem is a strong predictor of leadership potential, *per se* (Bass, 1960). Evidence of its specific predictive power was demonstrated by Avolio, Bass, Atwater, Lau, Dionne, Camembreco, & Whitmore (1994). Military cadet company ranking of the esteem of cadets was obtained using peer ratings. Each military sophomore cadet chose the top five most effective in their company of approximately 30 cadets. They also chose five least effective. A sociometric measure of esteem was calculated for those in top, bottom, and neither groups. Table 9 shows the correlations between esteem and ratings of MLQ received by the focal cadets from their subordinates and their superiors. From Table 9 it can be seen that the esteem ratings correlated much higher with superiors' than subordinates' assessments of the MLQ transformational and transactional leadership behavior of the cadets. The negative correlations with the passive management-by-exception and laissez-faire leadership were in line with expectations.

Superiors' Recommendations. Yammarino & Bass (1990) reported results for a 5% representative sample of all junior officers in the Navy surface fleet. MLQ ratings by subordinates were associated with earlier superiors' recommendations of the officers for early promotion and the officers' earlier fitness reports. Table 10 shows the correlations obtained. With an N of 186, $p < .01$, when r is $> .19$.

It can be seen that the superior's ratings forecast the subordinates transformational contingent reward and active managing-by-exception and were as expected negatively related to laissez-faire leadership. Similar findings were reported by Hater and Bass (1988). Management committee judgments correlated positively with subordinate MLQ transformational leadership ratings of Federal Express middle managers and negatively with passive managing-by-exception.

TABLE 9
Correlations Between MLQ Behaviors and
Sociometric Index of Esteem

| Leadership/Management | Esteem | |
|---------------------------------|---|--|
| | Followers' Ratings of Focal Cadets (N = 180-191) | Upper Class Ratings of Focal Cadets (N = 130-152) |
| MLQ | | |
| Charismatic Behavior | .15* | .41* |
| Inspirational Motivation | .14* | .41* |
| Intellectual Stimulation | -.03 | .32* |
| Individualized Consideration | -.05 | .32* |
| Contingent Reward | .04 | .23* |
| Management-by-Exception—Active | .43* | .24* |
| Management-by-Exception—Passive | -.22* | -.21* |
| Laissez-faire | -.23* | -.27* |

* $p < .01$

(Adapted from Atwater, Lau, et al., 1994)

TABLE 10

Correlations Between Subordinates Ratings of Junior Officers
and Superiors' Fitness Reports

| Leadership/Management | Early Promotion Recommendations | Fitness Reports |
|---------------------------------|------------------------------------|--------------------|
| <i>MLQ Scores</i> | | |
| Charismatic Behavior | .37* | .38* |
| Inspirational Motivation | .28* | .25* |
| Intellectual Stimulation | .34* | .31* |
| Individualized Consideration | .24* | .21* |
| Contingent Reward | .24* | .20* |
| Management-by-Exception—Active | .28* | .22* |
| Management-by-Exception—Passive | -.04* | -.05* |
| Laissez-faire | -.31* | -.05* |

* p < .01

(Adapted from Yammarino & Bass, 1990a)

INDIVIDUAL TRAITS AS PREDICTORS OF MLQ SCALE SCORES

Both improved conceptualization and improved methodology stimulated the return of the trait approach to the study of leadership in the 1990's. But could we find that there is considerable variance in the MLQ profile that can be attributed to individual differences in traits when in Section 3 we enumerated contingent situations that make a difference in mean transformational and transactional leadership?

The Argument

In 1948 and 1970, following his review of the literature, Stogdill concluded that there were some personal dispositions associated with leadership such as energy level, cognitive ability, persistence, and sense of responsibility. Nevertheless, he also argued that there needed to be a match between the leader's attributes and the needs of the group led. *The analysis required attention to both the leader's individual attributes and the demands of the situation.*

I concluded that the ANOVA model was the appropriate description of the person-situation issue (Bass, 1960). Some of the variance (and covariance) in any analysis is due to the leader as a person. No matter where you put some people, they will emerge and succeed as leaders. Universally, we are likely to see more determination in the personality of transformational than transactional leaders regardless of the situation. Some of the variance is also due to the culture and organization. The transformational leader in Honduras has to be more directive than the transformational leader in Norway. Beyond the main effects, some of the variance will also be due to the statistical interaction of person and situation. Saddam Hussein (transformational to many of his Iraqi partisans) becomes submissive to international authority when coerced by immediate military force or threat and returns to domineering whenever the force is lifted or the threat becomes less credible. The question is an empirical one as to how much of the variance is due to the three sources: person, situation, and interaction of person and situation. Multiple levels of analysis are required for which the statistical methodology is now available (Yammarino, Spangler, & Bass, 1993).

Pre-Stogdill, the emphasis was on the person; post-Stogdill, on the situation. At the same time, the emergence of organizational behavior as a field and of cross-cultural research was premised on the expectations that situations would make a difference. Thus, after Barnlund (1962) had systematically recomposed groups with changing membership on successive tasks, he erroneously concluded that most of the variance in the emergence of one as a leader was due to the task circumstances. However, in the 1980's, revised analyses and new evidence turned the tide back towards the person. Thus, Kenny and Zaccaro (1983) reexamined Barnlund's results and found that 49% to 82% of the variance should have been attributed to the person in Barnlund's experiment. Many individual traits already have been tried as predictions of transformational/transactional leadership. We can present here the smaller number of significant positive empirical results we have found against the larger array of expectations.

Some Reported Research

Cognitive and personality dispositions have been correlated concurrently, retrospectively, and as forecasts of transformational leadership. In studies where participants have completed personality scales and leadership has been appraised by others, the MLQ has been frequently the leadership measuring instrument, but often in a truncated form.

When it comes to predicting transformational leadership and its components, there is no shortage of personality expectations. However, the empirical support has been spotty. The cognitive and personality traits of ascendancy, dominance, conscientiousness, internal locus of control, originality, higher moral reasoning, optimism, self-efficacy, self-confidence, hardiness, and idealism have all been offered as likely precursors of idealized influence, charisma and inspirational leadership. Other traits which we might expect to correlate with transformational leadership, but which we did not find any reports, include: persistence, vitality, tenacity, determination, ability to cope with conflicting demands, proactivity, task orientation, honesty, integrity, knowledgeability, credibility and originality (See Kirkpatrick & Locke, 1991).

As we have mentioned in earlier sections, when looking at charisma and inspirational leadership, it is important to distinguish between the socialized and personalized charisma of the truly transformational and the pseudotransformational leader. The socialized moves followers toward shared benefits; the personalized is self-serving (House & Howell, 1992). In all, a pattern of correlations has been found of only modest proportions.

Community Leaders. Avolio, Bass Atwater, Lau, et al. (1994) correlated the Gordon Personal Profile (GPP) concurrently with MLQ profiles for 118 community leaders, half male, half female. As expected, charisma correlated .21 ($p<.01$) with GPP ascendancy and .23 ($p<.01$) with GPP sociability. MLQ inspirational motivation correlated similarly with GPP ascendancy (.23) and sociability (.25). Unexpected was finding only a correlation of .03 and .03 between locus of control and the two MLQ measures. For the same sample, the Myers-Briggs Type Indicator Thinking (MBTI) scale correlated -.25 ($p<.01$) and the feeling scale correlated .18 ($p<.05$) with charisma but insignificantly with inspiration. But inspiration correlated significantly, .20 ($p<.05$), with MBTI sensing. Intellectual stimulation correlated .19 ($p<.05$)

with GPP ascendancy but unexpectedly did not reach statistical significance with any of the MBTI scales. Individualized consideration correlated with GPP ascendancy .20 ($p<.05$) like the other transformational scales and additionally with sociability, .21, ($p<.01$) as might have been expected. Individualized consideration also correlated significantly ($p<.05$) as follows with MBTI scales: extroversion (.19), feeling (.19), and lack of thinking (-.22).

As for predictions of transactional leadership, MLQ contingent reward like the transformational components correlated significantly with GPP scales of ascendancy (.18, $p<.05$) and sociability (.23, $p<.01$). Only the MBTI scale of thinking was significantly correlated (negatively) with contingent reward (-.19, $p<.05$). Laissez-faire leadership was associated with emotional stability (.20, $p<.05$), personal relations (.21, $p<.01$) and original thinking (.16 $p<.05$).

Air Force Cadets. Forty focal commissioned officers in charge of 40 cadet squadrons at the Air Force Academy (35 men; 5 women) were assessed by Ross and Offerman (1991) with truncated measures from the MLQ as rated by the cadets within the squadrons. A single MLQ charisma-inspiration scale correlated respectively at $p<.001$ (with exceptions as noted) as follows with inventoried personality traits measured by the Gough & Heilbrun Adjective Check List (1983): self-confidence and personal adjustment, .63; pragmatism, .69; need for change, .39 ($p<.01$); nurturance, .67; feminine attributes, .54; lack of aggression, -.47; and criticalness, -.49.

Midshipmen and Cadets. Atwater and Yammarino (1993) studied composite MLQ transformational and transactional leadership of 99 men and 8 women midshipmen at the U.S. Naval Academy who served as plebe summer squad leaders. They completed the MBTI, the Epstein and Meier (undated), Constructive Thinking Inventory (CTI), and Cattell's (1950) 16PF inventory.

The MBTI Thinking/Feeling scale correlated -.29 and -.30 respectively with subordinates' and superiors' MLQ ratings of the focal squad leaders ($p<.01$). The parallel correlations for transactional leadership were .30 and .30 ($p<.01$). CTI Emotional Coping correlated -.25 with transformational leadership and -.32 with transactional leadership according to subordinates' MLQ ratings. Superiors' MLQ ratings of the transformational leadership of the squad leaders correlated .22 ($p<.05$) with Behavioral Coping, -.20

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($p < .05$) with Superstitious Thinking, $-.26$ ($p < .05$) with Negative Thinking, and $-.26$ ($p < .05$), and $.22$ ($p < .05$) with Naive Optimism.

Correlations of the superiors' MLQ ratings of the focal squad leaders with transactional leadership were all at $p < .05$ and were as follows: Behavioral Coping, $.28$; Naive Optimism, $.23$; and Negative Thinking, $-.33$. (The negative correlation implied positive thinking.)

Subordinates' MLQ transformational and transactional ratings correlated $.20$ ($p < .05$) and $.23$ ($p < .01$) respectively with the 16PF intelligence scales scores. Superiors' MLQ ratings correlated $.22$ ($p < .05$) and $.26$ ($p < .01$) with 16PF Conformity. Transactional leadership correlated $.24$ ($p < .01$) with 16PF Self-Discipline.

Avolio, Bass, Atwater, Lau, et al. (1994) analyzed results for 141 Virginia Military Academy cadets in their junior year whose MLQ transformational leadership scores, according to subordinates, were forecast significantly by a large battery of tests and measures including three scales of Kobasa, Maddi and Kahn, (1982), obtained earlier, of hardiness, $.23$ ($p < .01$), $.15$ ($p < .05$) and $.37$ ($p < .01$). Also important were measures of physical fitness, $.21$ ($p < .01$).

For the transactional components that correlated with subordinates' MLQ ratings, contingent reward correlated $-.18$ ($p < .05$) with SAT Math, $.24$ ($p < .05$) with sensing, and $.15$ ($p < .05$) with overall physical fitness. Results with forecasting laissez-faire leadership were: SAT Math, $.23$ ($p < .01$), BIOLEAD, $-.22$ ($p < .01$), and lower level of moral reasoning on the Rest (1986) Defining Issues Test (DIT), $-.18$ ($p < .05$). The DIT presents six hypothetical ethical dilemmas. For each dilemma a list of considerations is provided for determining the right choice to make. Subjects rank the four most important considerations.

Industrial Executives. Although locus of control (Rotter, 1966) failed to be statistically predictive in the preceding analyses, Howell and Avolio (1993) did find locus of control, as measured by 13 items from Rotter's (1966) scale, significant in path coefficients of $.33$ with individualized consideration, $.25$ with intellectual stimulation and $.18$ with charisma. Gibbons (1986) also found concurrent validities for locus of control using Shostrom's (1974) Personality Orientation Inventory (POI). She

correlated subordinates' MLQ ratings of 20 senior executives employed by Digital Equipment and the executives' POI scale scores. Self-assessed inner-direction of the executives correlated .37 with their subordinates' ratings of the executives' charisma, .44 with individualized consideration, .33 with inspirational motivation and .41 with contingent rewarding. But inner locus of control correlated -.04 with managing-by-exception and -.27 with laissez-faire leadership.

Self-acceptance correlated .41 with charisma, .46 with individualized consideration, .43 with inspirational motivation and .41 with contingent reward but -.19 with management-by-exception and -.20 with laissez-faire leadership.

Patterns of Traits

Illustrative of the potential of multiple regression for predicting transformational leadership, Atwater and Yammarino produced step-wise multiple R's of .53 and .48 from the personality assessments respectively against subordinates' MLQ ratings of the squad leaders. For the corresponding predictions of transactional leadership, the multiple R's were .57 and .49. As an example of the specification equation for subordinate MLQ ratings the weighted predictors (standardized betas) were: .05 Behavioral Coping, -.13 Emotional Coping, +.13 PF Warmth, +.22 PF Intelligence, -.04 PF Conformity, + .16 MBTI Sensing/Intuiting, -.21 MBT Thinking/Feeling, +.30 Varsity Sports.

As we have seen, validities of individual scales tend to be modest but in optimum combination correlate considerably higher. This suggests that there is a pattern of personality traits where each trait may not be highly predictive of leadership potential by itself but can account in combination with other traits for as much as 35 percent of the criterion variance in some situations. The appropriate canonical correlations have not as yet been attempted to determine the optimum fit between the matrix of personality traits and the matrix of the various components of transformational and transactional leadership.

Uninvestigated Promising Predictors

Untried (or not known to the writer) but likely to have some validity for predicting transformational leadership is the Campbell Leadership Index (CLI). Positive correlations would probably emerge with the CLI Leadership Orientation Scale involving checking adjectives such as: competitive, forceful, adventuresome, risk-taking, enthusiastic, inspiring, impressive, resourceful, savvy, well-connected, insightful, forward-looking, creative, imaginative, convincing, fluent, active and healthy. Scales that also might prove predictive include those assessing consideration, empowering and friendly to predict individualized consideration as well as credible and optimistic for the transformational components of charisma and inspirational leadership.

Other uninvestigated predictors of transformational and transactional leadership include the newly popular tests of integrity and honesty (Camara & Schneider, 1994), tests of the ability to play competing roles, the Persean consistency of belief and action (Raelin, 1993), working with paradox (Handy, 1994) and the Orientation Inventory (Bass, 1967). The effort should be driven by the expanding understanding of transformational leadership and its components. Also to be exploited is the line of investigation carried out by House and his colleagues (e.g., House, Spangler, & Woycke, 1991) in which charismatic world class leaders such as U.S. presidents are significantly discriminated from counterpart non-charismatic leaders. The discrimination is by objective analyses of the themes within their inaugural addresses or themes used by cabinet members' descriptions of the Presidents' behavior. The validating appraisal of charisma is from the pooled judgments of historians.

A particularly carefully crafted historiometric study of the association of destructive behavior that "discriminates" personalized from socialized world class leaders was completed by O'Connor, Mumford, Clifton, Gessner & Connally (in press). Ultimately, tests for prediction could be developed to follow from these fundamental studies.

SECTION 10

Rank, Status and Transformational/Transactional Leadership

Introduction

Rank and status—the importance and worth of one's position in an organization—can be by self-authorization, by election or by appointment. How do rank and status, the worth of one's position in an organization, affect the tendency and need to be more transformational? This question will be addressed first by briefly looking at the issue of appointment to a leadership post by higher authority. Next examined will be how rank and the level of one's position in an organization affect the tendency to be transformational or transactional.

ELECTION VERSUS APPOINTMENT

Elected and appointed leaders derive their legitimacy from different sources: the elected leader, from the members of the group or organization, and the appointed leader, from higher authority. No data are available on whether appointment or election make a difference but it can be hypothesized that elected leaders may be more transformational and appointed leaders may be more transactional. To remain in office, the elected leader must retain his or her power as a person in the eyes of the followers. If higher authority appoints the unit leader, it provides recognition, authority and specific responsibilities likely to make it easier to provide contingent rewards and to practice management-by-exception (Bass, 1960).

Self-authorized, emergent leaders may arise also as a consequence of the personalities and characteristics of themselves and their followers but that is a matter of individual differences discussed in Section 9. Here the charismatic leadership of the self-defining, determined leader may come to the fore.

Sources of Power

Ordinarily the elected or appointed leader initially would be expected to enjoy a relatively high status as a result of his or her appointment or election to the position of leader. Titles, perquisites and symbols of office and simple behaviors such as maintaining eye contact or speaking in a firm voice with few hesitations would help to maintain the higher status. Leaders who are appointed derive authority and power from their position in the unit and organization. Specifically, appointed leaders would be expected to have more of French and Raven's (1959) legitimate, reward, and coercive power than elected leaders. It would be expected that they could more readily practice considerable managing-by-exception if they choose. Elected leaders would be expected to derive their power from their expertise and their referent power (their esteem as persons) (Ben-Yori, Hollander & Carnevale, 1983). Of course, both appointed and elected leaders could be transactional as well as transformational, depending on their personal predilections and training. They could be successful or unsuccessful as leaders, depending on their ability to function effectively with their followers and to meet members' important needs. However, early on, it was guessed that the elected leader would enjoy advantages over the appointed leader in charisma and individualized consideration if the appointed leader was unfamiliar to the followers and did not have the reputation or esteem of the elected leader.

The elected leader may have emerged in a closely contested election, so much that individually considerate patching-up of feelings may be needed before the leader and group can go ahead. Furthermore, the elected leader's advantage would disappear if the elected leader was unable to function effectively in the role. The followers' strong expectations for an elected leader might intensify their dissatisfaction should the leader fail.

An appointed leader who was effective would need to overcome any resistance to being appointed rather than elected. In the long run, the appointed leader should not have to rely heavily on the formal authority derived from the appointment to manage-by-exception. Rather, the authority should be used to be more proactively transformational and rewarding.

Dealing With Follower Expectations

Whether elected, appointed, or self-authorized, the leader would need to recognize that followers have shared expectations about their leader's characteristics and behavior; their perceptions of leader actions are influenced by these beliefs. The leader would need to be individually considerate and to understand followers' expectations of him or her. If, for instance, followers expected the leader to be a strong advocate when representing the followers' views to higher authority, but the leader failed to do so, he or she would lose esteem and referent power in the eyes of his or her followers despite his or her expertise in performing other functions. Followers might falsely conclude that the leader would fail to meet expectations in other areas. The appointed leader, in particular, would need to build and maintain credibility with followers, unlike the more familiar elected leader.

Some Indirect Evidence. The relation between status or rank and the display of transformational or transactional leadership was gauged indirectly in an unpublished study by Atwater and Yammarino (1989) who asked 285 employees reporting to 118 appointed supervisors in 45 smaller organizations to complete the MLQ (Form 8) about their supervisors. The investigators also asked for ratings of the supervisors on 36 items about the bases of the supervisors' power.

We can infer the positional status of the supervisors from the extent their bases of power were, as conceived by French and Raven (1959), legitimate (has authority to give you tasks or assignments), reward (can provide important benefits and advantages), or coercive (can get you dismissed from your job). These were in contrast to having personal bases in expert power (has expert knowledge in how to do your work) and referent power (has personal qualities you admire).

Table 11 shows the results obtained. The more the appointed leaders had legitimate power, the more they were transformational. In line with expectations, they practiced active, but not passive, management-by-exception. They made use of their rewards but not their coercive power.

Here then, we did see an effect of status accruing from one's supervisory position. Those with more legitimate and reward power from their positions as superiors rolled out more transformational leadership although less transactional leadership and were less likely to display laissez-faire leadership.

Table 11

Power Related to Transformation/Transactional Leadership

| Status Differences Reflected in: | Transformational Leadership | Contingent Reward | Active Management | Passive Management- by-Exception |
|-------------------------------------|--------------------------------|----------------------|----------------------|--|
| Legitimate Power | .32** | .13** | .19** | -.22** |
| Reward Power | .45** | .39** | .10 | -.25** |
| Coercive Power | -.03 | .02 | .14* | -.01 |

* p < .05; ** p < .01

(Adapted from Atwater & Yammarino, 1989)

Physician-Patient. The physician-patient relationship can be described as a leader-follower relationship where the physician is accorded legitimate authority by the patient. The legitimate authority of physicians allows them to relate to their patients in transformational ways when the patients must change and adapt to new realities. For example, instead of fostering denial in terminally ill patients by presenting the distressing news announcing the fatal diagnosis all at once, they can pace and sequence the information to buffer the stress and organize the support services to help the patient adapt to the realities (Heifitz, 1994). This sequence and pacing was seen in how President Lyndon B. Johnson handled the introduction of Civil Rights legislation in 1964 in the face of Southern filibustering in Congress. The adaptive challenge had to be identified by the President, the distress "regulated," attention directed to the issues, and responsibilities shifted from imperious federal power to the adapting public.

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ORGANIZATIONAL LEVEL AND TRANSFORMATIONAL/TRANSACTIONAL LEADERSHIP

Burns' (1978) seminal introductory book on the transforming leader was about leadership of organizations, political entities, and movements. When I began gathering interview and survey data in 1980, it was data from senior executives and U.S. Army colonels describing their leaders. We discovered by 1985 that transformational leadership could be displayed by middle managers, Army non-coms and lieutenants, first-level supervisors, and team leaders with no formal rank in the organization. By 1992, it was clear from empirical evidence that transformational leadership could be exhibited by housewives active in a community (Avolio & Bass, 1994) as well as CEO's (Yokochi, 1989), Army colonels (Bass, 1985), world class leaders of movements (Bass, 1985), and Presidents of the United States (House, Spangler, & Woycke, 1991). Also, as we began to work towards transformational teams (Avolio & Bass, 1993) it became clear that every member on a team could learn to be transformational.

Effects of Rank and Status in the Military

A major question in the military has been whether to lead or to manage. (In our terms, whether to be transformational or transactional). Roberts (1980) declared that an Army officer needed to be both a manager and a leader. Furthermore, Roberts felt that more leadership (transformational) was needed up to the level of the division commander (Major General), where management skills become of equal importance. In the field, according to Roberts, the officer is part of a hierarchy "uncertain of its role (and) irresolute in supervision of established goals which themselves are suspect" (Boyd, 1988). Battles can be lost because of lack of management but leadership is necessary if they are to be won (Bussey, 1980). In combat brigades, "statistical based efficiency" can be dangerous (Sorely, 1979). General George S. Patton quipped that "Leadership is the thing that wins battles" (Anon., 1985, p. 21). It may be that relatively more transformational leadership is required in combat by the squad corporal than the general dealing with strategy and logistics.

U.S. Army Colonels. Bass (1985) provided mixed findings about the effects of rank in the U.S. Army on transactional/transformational leadership displayed. When it came to extra effort, no difference was found between a sample of 189 colonels and 72 lower level officers, each describing their superior. The impact on their extra effort of transformational leadership seen in their superiors was the same for both samples (37% and 36%). But effectiveness was enhanced more (48%) by the transformational leadership observed in their superiors by the colonels than by officers at lower levels (27%).

NATO Field-Grade Officers. A total of 372 American, Canadian, and German field-grade officers serving in NATO completed the MLQ about their immediate superior. Response rates from the 600 solicitations varied from the highest of 88 percent for Canadian majors to the lowest rate of 36% for German colonels. While significant differences according to nationality occurred, the ranks of major, lieutenant colonel and colonel did not show much difference.

Charisma-inspiration means were for major, 2.5; for lieutenant colonel, 2.5; and for colonel, 2.6. For intellectual stimulation, they were respectively, major, 2.4; lieutenant colonel, 2.5; and colonel, 2.6. For individualized consideration, they were likewise respectively for major, 2.4; lieutenant colonel, 2.5; and for colonel, 2.6 (Boyd, 1988).

The American officers' means tended to be the highest for each of the transformational factors (2.7, 2.6, and 2.8), the Canadians' means in the middle (2.6, 2.6, and 2.4) and the German means the lowest (2.2, 2.4, and 2.5). All three nationalities gave themselves significantly higher self-ratings than they gave their superiors. However, this difference was not attributed to the rank of the officer rated, but to the general tendency to overvalue themselves (Bass & Yammarino, 1991).

U.S. Navy Lieutenants and Captains. In the same way as Boyd, Yammarino and Bass (1990a) found little difference in the mean MLQ profiles of their 186 lieutenant, j.g's in the U.S. Navy Surface Fleet, rated by their subordinates and 318 Naval captains, rated by their immediate superiors (Deluga, 1990, 1991).

The mean results are shown in Table 12.

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TABLE 12

Ranks of Naval Officers Related to Their Subordinates

Multifactor Leadership Questionnaire
(MLQ) Ratings

| | 186 Navy Ensigns and Lieutenant, j.g.'s | 157 Senior Naval Officers | 145 Senior Navy Officers |
|---------------------------------|---|------------------------------|--------------------------------|
| <i>Transformational</i> | | | |
| Charisma | 2.40 | 1.97 | 2.18 |
| Inspirational Leadership | 2.26 | 2.30 | 2.27 |
| Intellectual Stimulation | 2.47 | 2.22 | 2.37 |
| Individualized Consideration | 2.50 | — | 2.30 |
| <i>Transactional</i> | | | |
| Contingent Rewards (Promises) | 1.61 | 1.34 | — |
| Contingent Rewards (Rewards) | 2.38 | 2.17 | 2.08 |
| Management-by-Exception—Active | 2.65 | 2.48 | 2.48 |
| Management-by-Exception—Passive | 2.26 | 2.37 | 2.45 |
| <i>Nonleadership</i> | | | |
| Laissez-Faire | 1.31 | — | 1.37 |

(Adapted from Yammarino & Bass, 1990a; and Deluga, 1990, 1991)

As seen in Table 12, rank generally did not make as much difference as might have been expected and was in the reverse of expectations. Deluga (1990, 1991) obtained the MLQ ratings of two independent samples of senior Naval officers attending the Navy War College who were asked to describe their own immediate superiors. Yammarino and Bass (1990) provided the results on most of the same military form of the MLQ for 186 Navy ensigns and lieutenant, j.g.'s described by their immediate subordinates.

The junior Naval officers were described as more charismatic (2.40) than the senior officers (1.97, 2.18). They were no different in inspirational leadership (2.26 vs. 2.30, 2.27), a bit higher in intellectual stimulation (2.47 vs. 2.22, 2.37) and individualized consideration (2.50 vs. 2.30). While there was no difference in laissez-faire leadership between the junior and senior officers (1.31 and 1.37), the junior officers were rated as more transactional by their subordinates. Contingent promises were greater

(1.61 for the junior officers vs. 1.34 for the senior officers), contingent rewards were greater (2.38 for the junior officers vs. 2.17 and 2.08 for the senior officers), and active management-by-exception was greater (2.65 vs. 2.48 and 2.48). However, passive management-by-exception appeared possibly a bit higher among the senior officers (2.26 for the junior officers vs. 2.37 and 2.45 for the senior officers).

Civilian Results

New Zealand Administrators and Management Personnel. The first civilian findings were reported by Bass (1985) for two samples from New Zealand. For a sample of 45 business professionals and managers describing their superiors with the MLQ (Form 4), the following non-significant correlations were obtained between the organizational level of the leader being rated and their MLQ scores: charisma, .23; intellectual stimulation, .15; individualized consideration, -.22; contingent rewards, .14 and management-by-exception, -.21. A different pattern of results was obtained, again not statistically significant, for 23 educational administrators. The correlations with organizational level were: charisma, -.18; intellectual stimulation, -.04; individualized consideration, -.16; contingent reward, -.04 and managing-by-exception, -.26. The conclusion was that if the rank of a leader did not make much of a difference in his or her MLQ scores, the pattern of the scores was contingent on whether the leaders were in business or educational administration.

MLQ (Form 4) data were collected about an additional 56 New Zealand first-level supervisors and their second-level management superiors by Bass, Waldman, Avolio and Bebb (1987). Table 13 shows the comparisons. Here the pattern obtained suggested that higher level leaders evidenced more transformational leadership and contingent reward and slightly less management-by-exception.

Japanese Civilians. Yokochi (1989) was able to collect MLQ data on higher level executives and lower level managers, each described by their subordinates, in 14 large Japanese corporations and again found little difference in the levels of the focal executives and managers being rated. Table 14 displays the results.

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TABLE 13

First-Level and Second-Level New Zealand Supervisors
and Managers Compared (N = 56)

| | First-Level Supervisors | Second-Level Managers |
|------------------------------|----------------------------|--------------------------|
| <i>Transformational</i> | | |
| Charismatic Behavior | 2.60 | 2.82 |
| Intellectual Stimulation | 2.54 | 2.70 |
| Individualized Consideration | 2.54 | 2.77 |
| <i>Transactional</i> | | |
| Contingent Reward | 1.91 | 2.32 |
| Management-by-Exception | 2.02 | 1.95 |

(Adapted from Bass, Waldman, Avolio & Bebb, 1987)

Again, overall, no significance was attached to the rank of the two samples except possibly in the use of contingent reward more frequently by the higher level executives (1.78) in comparison to the lower level managers (1.59).

It may appear reasonable to expect different patterns of transformational/transactional leadership from leaders of different rank and status at higher, compared to lower, organizational levels. Empirical results suggest that differences of consequence vary from one type of organizational setting to another. The envisioning, enabling and empowering of the general may involve a broader and more abstract, complex, array of issues than that of the corporal, but the corporal can show just as much transformational leadership in dealing with a more concrete and simpler array of tasks. The transformational/transactional model can be applied to each. The behaviors may differ although the same concepts are relevant. Nonetheless, it is in a meta-analysis that some small, but significant, patterns may be discerned.

TABLE 14

Comparison of Managers and Senior Executives
in 14 Japanese Firms

| MLQ Scale | | |
|------------------------------|-------------------------|---------------------------|
| | Managers (N = 60-66) | Executives (N = 62-66) |
| <i>Transformational</i> | | |
| Charisma | 2.34 | 2.30 |
| Inspirational Motivation | 2.18 | 2.19 |
| Intellectual Stimulation | 2.69 | 2.60 |
| Individualized Consideration | 2.73 | 2.75 |
| <i>Transactional</i> | | |
| Contingent Reward | 1.59 | 1.78 |
| Management-by-Exception | 1.71 | 1.71 |
| Laissez-Faire | 1.18 | 1.29 |

(Adapted from Yokochi, 1989)

Meta-Analytic Results

The meta-analysis completed by Loew, Kroeck, and Sivasubramaniam (1994) was partly described Section 1. The analysis compared leaders lower in their organizations with those higher in their same organizations. The analysts examined the differences in corrected correlations attained for lower and higher levels between the MLQ components and rated effectiveness. For the 2,089 to 4,222 raters, little difference emerged in the correlations between levels. For the lower and higher levels of status in their organizations, the corrected correlations obtained by the leaders from their subordinates' ratings of MLQ scales and effectiveness for the lower and higher levels respectively were as follows: charisma, .70, .70; intellectual stimulation, .58, .61; individualized consideration .60, .60; contingent reward, .36, .48; and managing-by-exception, .10 and .12. Contingent reward did appear to contribute more to effectiveness among the higher level managers.

Some small but significant differences were found in mean MLQ scores between the upper and lower levels in rank. The

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means for the upper and lower levels are shown in Table 15. While no mean differences in charisma and contingent reward appeared between leaders at the upper and lower organizational levels, it can be seen that leaders at the lower level were judged by their followers as somewhat more intellectually stimulating (2.51 vs. 2.41) and individually considerate (2.59 vs. 2.41) than their upper level counterparts. However, they were also seen as practicing considerably more management-by-exception (2.45 vs. 2.11).

For the broad array of organizations that were included in the many samples combined in the meta-analysis, it does not seem unreasonable to infer that managing-by-exception, at least in New Zealand and U.S. civilian managers, is likely to be more frequently exhibited by lower levels of management. A study of power differences suggest that it is passive rather than management-by-exception that is involved.

TABLE 15
Mean MLQ Scores for Upper Level
and Lower Level Leaders

(N = 2,089 to 4,222 subordinate raters)

Organizational Level of Leaders

| | Lower | Higher |
|------------------------------|-------|--------|
| <i>MLQ Leadership Scale</i> | | |
| Charisma | 2.52 | 2.52 |
| Intellectual Stimulation | 2.41 | 2.51 |
| Individualized Consideration | 2.41 | 2.59 |
| Contingent Reward | 1.85 | 1.82 |
| Management-by-Exception | 2.11 | 2.45 |

(Adapted from Lowe, Kroeck, et al., 1994)

SECTION 11

Empowerment and Laissez-Faire Leadership

Introduction

How is empowerment differentiated from laissez-faire leadership? Empowering leadership means providing autonomy to one's followers so that as much as possible they can envisage, enable, direct and control themselves in carrying out their responsibilities in alignment with the goals of their leader and the larger organization. Laissez-faire leadership means autonomy of one's followers obtained by default. The leader avoids providing direction and support, shows lack of caring for what the followers do and abdicates responsibilities by burying himself or herself in busy-work, deflecting requests for help, abdicating any responsibility for follower performance and/or absenting himself or herself from the scene physically and/or mentally. Empowerment is widely touted for its effectiveness, particularly where followers' commitment, loyalty and involvement are sought. Empowerment is a product of individualized consideration. Laissez-faire leadership is the epitome of ineptness and ineffectiveness and is negatively related to the components of transformational leadership.

Factorial Independence

In an as yet unpublished analysis, the MLQ scores of 1,152 subordinates' ratings on 10 items of what had been thought to be a single factor of laissez-faire leadership were factored. Two independent factors emerged. The first was a factor of six laissez-faire items with a coefficient alpha of .74 and the second was a factor of three items of empowerment with a coefficient alpha of .43. A laissez-faire item was "he/she is absent when needed." An empowerment item was "he/she avoids telling me how to perform my job."

Consistent with the above, in another as yet unpublished effort, when each of the MLQ components were factored for by itself for 1,053 raters in an Italian conglomerate, five of the components could be subdivided. Inspirational motivation divided two factors: encouraging and setting high standards; contingent reward, into commendations and rewards; management-by-exception into active and passive; and laissez-faire into absent-avoidant and empowering.

Military Examples

To illustrate what is meant by empowerment, let's look at the transformational leadership of two commanding generals: one in the U.S. Air Force and the other in the U.S. Army. Devilbiss and Siebold (1987) presented these two examples of transformational leadership by commanding generals and their empowering effects on an air command and an Army corps.

When General W. L. Creech assumed command of the U.S. Air Force Tactical Air Command (TAC) he began with intellectual simulation. "He started by simply allowing himself to think in a different way" (p. 7). He saw the policies of centralization and consolidation were dehumanizing. He focused on TAC's end-of-the-line product: TAC aircraft and the people responsible for them. He restructured the organization by moving authority and responsibility downward to meet clear and simple goals to instill pride, enthusiasm, a sense of ownership and psychological investment in their product by those responsible. Individualized consideration was emphasized in treating people's needs and working conditions at all levels as important.

Smaller squadron multifunctional repair teams replaced the larger wings. Squadrons were assigned responsibility for specific aircraft. Squadron colors and crew chiefs' names were painted on the aircraft just as the pilots' names were. "Excellence became an obsession" (Finegan, 1987, p. 46). Dramatic improvements occurred in sortie rates and aircraft mission capability. In providing a professional environment, workers developed pride of ownership and took more responsibility through their motivation to do so. Management control became less managing-by-exception and more a matter of transformationally inspired and empowered worker motivation (Finegan, 1987).

The second example was General Walter Ulmer's enhancement of the readiness of III Corps at Fort Hood. He restructured the Corps through much delegation of authority, responsibility and accountability. Featured in the "Greenbook" of the new policies he set, and tips for leaders at all levels, was keeping "priorities, goals and objectives constantly in focus." An individually considerate climate of support, clear standards and trust was promoted by encouraging organizational consistency, professional education and attention to the needs of the individual soldiers and their families.

The effects of the transformation at Fort Hood were "greatly affected by each individual in the chain of leadership through whom information and power passed" (CATA, 1986, p. 17). Effects noted in just a few months of the changeover were increased combat effectiveness of battalions, higher standards of discipline, stronger unit identity, caring leadership, improved teamwork and military professionalism. The leadership of the officers was seen to have improved in information sharing, loyalty to the organization, intellectual stimulation of subordinates, setting moral standards and good examples, and assuming responsibilities (Malone, 1985, p. 12). Objective improvements ranged from more effective utilization of soldiers and reduction in accidents. The fundamental mechanism underlying both the TAC and Fort Hood transformations was empowerment.

Empowerment and Superleadership

Superleadership was seen as the ultimate vehicle for empowerment. The empowering superleader educates his or her followers so that each learns how to act as a self-leader. Behavioral-focused and cognitive-focused strategies are employed to lead yourself.

The following lists the behavior-focused and the cognitive-focused strategies. A behavioral strategy, for example, is selecting a specific behavior that you want to change. A cognitive-focused strategy is considering what is naturally rewarding about the work you do.

- **Behavior-Focused Strategies**

Self-Observation—observing and gathering information about specific behaviors that you have targeted for change.

Self-Set Goals—setting goals for your own work efforts.

Management of Cues—arranging and altering cues in the work environment to facilitate your desired personal behaviors.

Rehearsal—physical or mental practice of work activities before you actually perform them.

Self-Reward—providing yourself with personally valued rewards for completing desirable behaviors.

Self-Punishment/Criticism—administering punishments to yourself for behaving in undesirable ways.

- **Cognitive-Focused Strategies**

Building Natural Rewards Into Tasks—self-redesign of where and how you do your work to increase the level of natural rewards in your job. Natural rewards that are part of rather than separate from the work (i.e., the work, like a hobby, becomes the reward) result from activities that cause you to feel:

a sense of competence,

a sense of self-control,

a sense of purpose.

Focusing Thinking on Natural Rewards—purposely focusing your thinking on the naturally rewarding features of your work.

Establishment of Effective Thought Patterns—establishing constructive and effective habits or patterns in your thinking (e.g., a tendency to search for opportunities rather than obstacles embedded in challenges) by managing your:

beliefs and assumptions,

mental imagery,

internal self-talk.

When Empowerment is Needed

Empowerment is not for every organization. Organizations have a life cycle: entrepreneurial beginnings, growth, maturity, and decline. If the organization survives in a renewal, the stages continue with restructuring, dismantling the bureaucracy, employee involvement, continuous improvement, and cultural change. At each stage, leadership requirements may differ. The leader of renewal after the breakup of AT&T had to shift the thinking of the norms of its employees from concentrating on the organization as a service to an organization needing to meet the challenges of the marketplace and competition. But particularly important in accomplishing renewal is replacement of traditional control measures by empowerment of the work force which, with its commitment to renewal, brings on more self-planning, self-direction and self-control—an approach first presented by Myers (1966) as "every employee, a manager."

The Dark Side of Empowerment

Generally, empowerment has negative consequences when the followers' goals are out of alignment with the organization's goals. Empowerment also can have negative consequences when the followers' goals oppose the organization's goals. Empowerment of followers may provide them with the opportunity to sabotage the organization. Empowerment may generate inflexible norms that are detrimental to the organization's and the individual follower's creativity.

While the philosophically bright side of empowerment is to increase productivity, efficiency, overcome resistances to change, and increase the sense of ownership and responsibility, its dark side is its potential to be seen as paternalistic. According to a British scholar, "It's 'Thatcherism' clothed in the warmth of humanistic language." It is suggested that for the leader to empower the follower does not imply sharing of power, but the maintaining of an imbalance of power between leader and follower. The follower becomes more responsible for failures. The leader can take back the gift. In its encouragement of self-actualization, empowerment fosters self-interest rather than goals that go beyond the individual follower (Alimo-Metcalfe, 1994).

As for empowering managers, those of lower ranks and status find more barriers to such empowerment according to Howard and Wellins (1994). They surveyed 61 senior leaders and managers, 317 lower level leaders and managers and 904 associates. The associates did not have anyone reporting directly to them. Although nominally a study of high involvement, the survey questioned how much the organization involved all levels of employees as true partners in achieving its objectives for "high involvement organizations empower their employees by pushing down decision making responsibility.... They share information, knowledge, power to act and rewards throughout the work force" (p. 4).

Efforts of Level. First, Howard and Wellins found that the higher the organizational status of a respondent, the less frequently they found barriers to be highly involved in their work for the organization. The lower their status, the more they felt that the organization's and their leaders' motives were barriers. At the same time, the senior leaders/managers, as shown in Table 16, saw considerably more high involvement in their business unit than did those of lower ranks in their organizations.

TABLE 16
Relation of Level in the Organization and the Perceived
Promotion and Implementation of High Involvement

| | Extent High Involvement Promoted | Extent High Involvement Implemented |
|---------------------|--|---|
| 61 Senior Managers | 4.3* | 3.8 |
| 317 Middle Managers | 3.9 | 3.6 |
| 904 Associates | 3.3 | 3.1 |

*1 = Not at all; 5 = To a very great extent

(Adapted from Howard & Wellins, 1994)

TABLE 17

Barriers to Empowerment Due to Senior Management

Senior Management as Barriers

| | |
|--------------------------------|-------|
| Little time/money for change | 3.35* |
| Directive leadership practices | 3.22 |
| Insufficient leadership | 3.18 |
| Reluctant to share information | 3.16 |
| Unclear vision and values | 3.11 |
| Not committed to change | 3.11 |
| No urgency for change | 2.95 |

*1 = Not at all; 5 = To a very great extent.

Respondents: All categories (N = 1269)

(Adapted from Howard & Wellins, 1994)

As shown in Table 17, senior managers were seen to invest too little time and money to effect the changes necessary for empowerment.

Written comments about the dark side of empowerment included: "Consistent behavior should be a constant of someone in a leadership role. If this doesn't exist, then trust breaks down, and the whole ship begins to sink..." (p. 5).

Another important written comment was: "Upper management often does not support high-involvement leadership practices when they have a negative short-term impact on performance" (p. 2).

In addition to an inadequate amount of trust-building on the part of management and a lack of trust in them by their employees, leaders were seen too infrequently taking the roles of champion and supporter. Subordinates felt unencouraged in that leaders were only sometimes observed to get higher management to act on employee's suggestions or to reward employee performance with notes, public praise, or visible symbols. Also infrequent was to "Blame circumstances rather than employees for failures." Rather than looking at process and system problems, leaders often assign personal blame to individuals, a practice that might discourage risk taking.

As has been found repeatedly in MLQ research (see Bass & Yammarino, 1991), Howard and Wellins found a tendency for the leaders to inflate their self-reports. Leaders also were asked to describe how often they personally performed each of 22 empowering activities. Each leader's responses were matched to the average ratings of that leader's behavior by his or her subordinates. Such comparisons were made for 210 first-level and 56 mid-level leaders. The leaders inflated their ratings relative to those of their subordinates, especially in the roles of serving as a model of trust, champion, change agent, and team builder.

The danger here is that if leaders believe they are better at empowering leadership than they really are, this could lessen their motivation to change. Furthermore, subordinates described themselves as less trustful when the leader's overvaluation was greater. Thus, leaders who are most out of touch with their subordinates' reports might have greater difficulty establishing trust.

There was disagreement between leaders and their subordinates about the leaders' empowering behavior, particularly in roles performed behind the scenes or impersonally. Agreement between 266 leaders and their matched subordinates on the frequency of leader behaviors was modest at best. Agreement between leaders and their subordinates was higher about performance such as envisioning, inspiring and championing and lower about their relations with other departments and removing obstacles that hinder employees in doing their jobs.

Delegation was seen to be problematic because some leaders had problems letting go. They were seen to delegate the responsibility but hold back resources. They asked for input on next year's budget at the last minute and then didn't use it. Empowerment turned to laissez-faire leadership when the leader's work load increased, "I have too much work to do," "Don't bother me...." Leaders were seen to fail to provide enough direction and coordination so that their subordinates remained comfortable with empowerment.

THE EMPOWERING LEADER

Transformational Leadership and Empowerment

It is the transformational leader who fosters empowered followers. Thus, in a survey of two levels of leaders in the U.S. Army Recruiting Command, Masi (1994) found that the existence of a cultural norm of empowerment correlated .22 with the transformational style of the station commanders in 53 of the companies involved. Likewise, self-reported feelings of empowerment of 240 recruiters correlated .30 with reports of a cultural norm of empowerment at their stations. Individuals felt more empowered if their leaders were more transformational ($\beta = .19$) and less transactional ($\beta = -.05$).

Although Howard and Wellins used different labels, they were clearly describing transformational and transactional leadership and its effects. Their empowering leaders were transformational: visionary, inspirational, supportive, championing, facilitative, etc. They were not transactional "controllers, commanders, rulers, judges or guards."

Empowerment is assisted by the leader's attention to the attractiveness or cohesiveness of the followers or their attractiveness to each other. The empowering leader may highlight pending crises to energize followers into action. The leader will encourage feelings of warmth and acceptance among the followers.

The empowering leader displays inspirational motivation by striving to point out the importance of an assignment, the positive qualities of other followers, and the ways in which they can complement one another's strengths. The leader points to the challenge involved and the recognition that success will bring. The importance of inspirational leadership is illustrated by a study by Seltzer and Miller (1990). They found a number of transformational leader behaviors that contributed in a medium-sized human service organization to the organization's mission which included creating an empowering environment for clients and staffs. For a total of 194 respondents, followers' sense of self-efficacy and being intrinsically motivated were positively correlated with the empowering leadership behaviors of their immediate superior. Correlations were as shown in Table 16. Note that the highest correlations were with the inspirational goal setting and the setting of high expectations.

TABLE 18

Follower Reactions to Empowering Leadership Behavior

| Empowering Leader Behavior | Subordinate Reaction | |
|--|-------------------------------|-------------------------|
| | Sense of Self- Efficacy | Intrinsic Motivation |
| Shared Decision-making | .13* | .15* |
| Cohesive team building | .16* | .18** |
| Encouragement of individual development | .13* | .10 |
| Inspirational goal setting | .20** | .19** |
| Fostering of autonomy | .10 | .14 |
| Setting of high expectations | .16* | .18** |

* p < .05; ** p < .01

(Adapted from Seltzer & Miller, 1990)

Contingent rewards such as commendations and bonuses may provide tangible reinforcements making use of the empowerment.

Countering Groupthink. Empowered followers may redefine their goals so as to perpetuate their own security and personal needs as opposed to salutary changes to benefit the organization. They may avoid introducing disturbing information or disagreeing so harmony will be preserved. This groupthink results in the loss of critical information and creative ideas (Janis & Mann, 1977). To help counter groupthink, uncritical conformity, and suppression of new or constructive ideas, the leader may intellectually stimulate followers by questioning the followers' thinking and assumptions, support followers who voice unusual or provocative ideas to reduce the conformity and encourage more flexibility in the norms that may stem from empowerment.

Countering Social Loafing. The empowering leader may need to use transactional and transformational leadership if empowerment results in social loafing by some of the followers. This can occur when individual contributions are hard to identify.

Contingent reward, active management-by-exception and transformational diagnosis and action may be needed to restore the loafers' commitments and involvements. If "free-riding" by a follower occurs as a consequence of empowerment in which one follower shirks work because another is doing it, adjustments in work loads are needed.

Consulting. Leaders contributing to empowerment were seen by Howard and Wellins (1994) as moving in the last five years from more frequently "telling" to more frequently "asking."

Effectively Delegating. In any hierarchical organization the most common approach to a leader empowering followers is by means of the delegation process. Avolio and Bass (1991) culled the literature on delegation and extracted twenty ways to make delegating more effective.

1. Share problems, offer suggestions and appropriate alternatives for completing an objective.
2. Give information necessary to do the task.
3. Maintain an appropriate level of personal responsibility.
4. Empower follower(s) with the authority to get the job done.
5. Give support and encouragement as needed.
6. Allocate necessary resources to complete the job.
7. Request progress reports.
8. Review effects of delegated performance.
9. Provide praise and rewards for successfully accomplishing objectives.
10. Avoid intervening, unless requested to do so by the follower(s).
11. Delegate the appropriate level of responsibility and authority to followers based on their needs and capabilities.
12. Assume that some mistakes may occur before the follower becomes proficient at the task.
13. Expect that it may initially take longer for the follower to complete the task than if you did it yourself.

14. Consider how the delegation of a task to one follower might affect another follower, a co-worker, and/or superior.
15. Make sure the task's objectives are clear, specific and acceptable to the follower.
16. Try to use delegation to manage both performance and development.
17. Try to delegate tasks to followers that are meaningful and of interest to them.
18. Explain to your followers why you have chosen them to do the task.
19. Distinguish initially how much control you want to retain over the process and product of their efforts.
20. Try not to delegate tasks too often that you would not enjoy performing yourself.

Self-Defining Leadership. Because self-defining leaders (i.e., transformational) are guided by their internal values rather than their personal needs or by purely external standards, they can and do base their delegation decisions in a broad context. They consider the long-term goals and interests of the organization, as well as of the follower, rather than being tied to immediate or short-range goals. The self-defining leader comfortably delegates autonomy to followers to develop them. But unlike self-oriented leaders who delegate to accomplish certain goals to enhance their own worth, or relation-oriented leaders who delegate to feel appreciated by their colleagues and to maintain their own self-esteem, self-defining leaders are transformational in the confidence with which they delegate to accomplish higher-order objectives. In the process, they help to move associates closer to becoming self-defining, transformational leaders themselves.

Trust. Comments to Howard and Wellins (1994) emphasized the importance of trust in the leader:

‘Being a model of trust was considered the most empowering leadership role. The empowering leader had to be consistent in words and actions. Written responses confirmed the importance of trust.’

‘If employees trust the management, the teams will be successful. If they don’t they will think management is trying to manipulate them....’

Value of Empowerment

Although not all empowerment of followers leads to effective outcomes, there is considerable evidence of pay-off. Cohen and Ledford (1994) completed a quasi-experiment to assess the effectiveness of self-managing teams in a telecommunications firm. The teams were involved with customer service, technical and administrative support, and management. A total of 1,337 subjects were studied. They included employees, supervisors, managers and union presidents. Those in self-managing teams were more effective than those in traditionally managed units doing the same kind of work. Other examples of improved outcomes from creating autonomous work groups were provided.

Masi (1994) collected MLQ (Form 5X) data on mid-level leaders from their subordinates and from the leaders themselves in the U.S. Army Recruiting Command. He also gathered data from the same source on an Empowerment for Quality questionnaire. The key 17 items included one scale of items which dealt with the alignment of employee and organization's goals. A second set dealt with capabilities developed and resources provided. A third set dealt with trust, integrity and cooperation. A fourth set dealt with discretionary authority and latitude. A response rate of 41.5 percent was obtained from the sample of 2,596 prospective respondents. Commitment to quality as well as motivation to achieve and to succeed were correlated with perceived cultural norms of empowerment.

LAISSEZ-FAIRE LEADERSHIP

According to Avolio and Bass (1991), laissez-faire leaders delay and appear indifferent to what is happening. They avoid taking stands on issues, don't emphasize results, refrain from intervening and fail to follow-up. Interviews were conducted with managers who talked about *laissez-faire* leaders they had known. Some of the additional behaviors which came to the fore were that they avoid making decisions, abdicate responsibilities, divert attention from hard choices, refuse to take sides in a dispute, are disorganized in dealing with priorities and talk about getting down to work, but never really do.

Bass (1990) pointed to the problems of a popular, but often laissez-faire "hands off" president, Ronald Reagan. Things went well if subordinates were competent but poorly if they were incompetent. The problems multiplied if the subordinate cabinet member was also laissez-faire. Laissez-faire leadership has been connected with the reason for low productivity, lack of innovation, more conflict and lack of cohesion among subordinates. Unlike empowerment, correlations of laissez-faire leadership for samples of 1,006 respondents describing their leaders (Bass & Avolio, 1990) with components of transformational leadership were as follows: charisma, -.56; inspirational motivation, -.49; intellectual stimulation, -.47; and individualized consideration, -.55. Conversely, while empowerment correlates negatively with transactional leadership (Masi, 1994), laissez-faire leadership correlates positively (.25) with managing-by-exception, but negatively with contingent reward (-.28). Bass (1990) called attention to the difference between a leader granting autonomy and empowering subordinates in comparison to laissez-faire leadership.

Changing Laissez-Faire Into Empowering Leadership

Leaders need to set the boundaries within which subordinates are given discretionary opportunities. Then, the leaders need to follow up with resources, support, and caring. Thus, when R & D subordinates were empowered in a study of 21 research teams, but superiors preceded their decision-making with consultation, the teams were much more innovative subsequently than when there was no consultation with the leaders beforehand (Farris, 1972).

In an analysis of why Operation Desert Storm was such a success, Ulmer (1992) pointed to the empowerment of the commander in the field, decisive Norman Schwartzkopf, by President George Bush and his head of the Joint Chiefs of Staff, Colin Powell. Equally important were the empowered and committed junior officers. This was in contrast to how President Lyndon Johnson had micromanaged the Vietnam War or Ronald Reagan had articulated a goal for Nicaragua and then stood aloof in laissez-faire fashion.

In the case of Operation Desert Storm, President Bush, Colin Powell and headquarters staff focused on a basic strategy and the garnering of resources. Schwarzkopf, the responsible commander in the field, executed the strategy empowered by the distant higher authority. It was neither the continued meddling of a President Johnson and his staff, nor was it the "hands off" laissez-faire leadership of President Reagan.

Most days in the Gulf War, Norm Schwarzkopf and his boss Colin Powell, the Chairman of the Joint Chiefs of Staff, had lengthy phone conversations. The commander in the field was probably given some guidance, had some questions answered, and made requests that were approved or denied or modified. The latitude given him notwithstanding, Norm Schwarzkopf operated routinely within two types of powerful guidelines: the value system of his profession (differentiating those actions that were proper from those that were improper); and the current macro political and resource realities as defined for him by his superiors. (Ulmer, 1992, p. 5)

Ulmer pointed out that Schwarzkopf himself benefited from 30 years of learning, practice and development as well as an immediately preceding 30 months of planning, team building, and standard setting that strengthened the organization and its values, established systems and developed the thousands of leaders at all levels collectively responsible for the operation's success.

...high-profile, decisive leadership is often appropriate but rarely by itself sufficient. Building the team and... culture over time is crucial. And although empowered and committed junior leaders are essential to organizational success, a laissez-faire style of leading can be as dysfunctional as can micro-management by higher authority. (p. 5)

Situations in Which Laissez-Faire Leadership May Be Appropriate. On occasion, laissez-faire leadership may be appropriate. An issue can truly make no difference to the leader and only to the parties concerned such as when two co-workers schedule their individual flex times at work but most problems call for more attention from leadership or substitutes for it.

SECTION 12

Substitutes for Transformational and Transactional Leadership

Are There Substitutes of Consequence for Transformational Leadership?

The Concept. The concept of substitutes for leadership grew out of a multiple regression conceptualization. Suppose Y is some outcome which ordinarily is a consequence of leadership, X_1 . Then, the standardized regression equation is $Y = \beta_1 X$. The autonomy of the follower, X_2 , might be added to or subtracted from the equation to predict Y such that $Y = \beta_1 X_1 \pm \beta_2 X_2$. X_2 will be a *substitute or replacement* for leadership, X_1 , if β_1 approaches 0. That is, the outcome Y now becomes X_2 alone; thus $Y = \beta X_2$. X_2 will be a *neutralizer* of the leadership, X_1 , if β_2 becomes negative and subtracts from the effects of the leadership. Thus, $\beta_1 X_1 - \beta_2 X_2$. X_2 will be an *enhancer* of leadership, X_1 , if β_1 adds to the effects on Y on the leadership, X_1 . Thus, $Y = \beta_1 X_1 + \beta_2 X_2$ (Howell, Dorfman & Kerr, 1986).

Examples

Numerous subordinate characteristics such as competence; task characteristics, such as unambiguity; and organizational characteristics, such as inflexibility, were suggested by Howell, Dorfman and Kerr (1986) as possible substitutes, neutralizers or enhancers that would moderate the effects of leadership. Subsequently, supportive anecdotal and survey evidence was found in a variety of organizational settings: Navy pilots, manufacturing, computerized networks, book publishers, universities, banks, and police departments. However, when Podsakoff, Niehoff, MacKenzie, and Williams (1993) completed a systematic survey and analysis for a large sample of nonprofessionals, they found that while the substitute variables did make contributions to the professionals' satisfaction and effectiveness, generally they failed to moderate the impact of leadership on the outcomes.

Podsakoff, MacKenzie, and Fetter (1993) repeated the effort with 411 professional, managerial and white collar employees in ten different organizations. Results were similar. The majority of expected substitutions, neutralizations or enhancements failed to emerge. Table 19 shows the leadership surveyed and the proposed moderators employed by Podsakoff, Niehoff et al., and Podsakoff, MacKenzie and Fetter.

Note that the leadership essentially involved interaction facilitation, initiating structure, and contingent reinforcement. The leadership was mainly transactional, consistent with House's (path-goal) theory and Schriesheim's (1978) supportive and instrumental behavior scales. Supportive behavior focused on being friendly and considerate of subordinate's immediate needs. Instrumental leadership featured role clarification, work assignment and specification of procedures. Contingent reinforcement included contingent reward and contingent punishment, all conceived by Bass (1985) as transactional rather than transformational. Substitutes for leadership were surveyed with a 41-item scale refined from an original one of 74 items of Podsakoff, Niehoff, MacKenzie, and Williams (1993). Table 20 shows the 41 items employed.

Prediction of Outcomes. The outcomes, Y_1 , included subordinates' self-reported satisfaction, commitment, perceived role ambiguity and role conflict. Additional outcomes were the superiors' ratings of the employee performance, altruism, conscientiousness, courtesy, civic virtue and sportsmanship.

As was expected, the constructive leadership behaviors contributed directly to subordinate outcomes. For instance, contingent reward of the superior correlated as follows with subordinate outcomes: .55, general satisfaction; .31, organizational commitment; -.36, role ambiguity; -.24, role conflict; .27, conscientiousness. Likewise, contingent reward correlated with several potential substitutes as follows: indifference to rewards, -.35; task feedback, .39; organizational formalization, .23; and cohesive group, .24.

Neutralizers, Enhancers or Replacements. Of 910 possible moderating effects on the seven leadership behavior scales studied, only 13, or 1.4%, had moderating effects that met Howell, Dorfman and Kerr's (1986) criteria as neutralizers that weakened or subtracted from the impact of the leader's behavior on outcomes, or acted as enhancers or replacements. Another 48, or

TABLE 19

Substitutes and Other Potential Moderators of Leader Behavior

Will Tend to Serve as Substitutes or Neutralizers for:

| Substitutes and Other Potential Moderators | Relationship-oriented, Supportive, People-centered Leadership: | Task-oriented, Instrumental Job-centered Leadership: | Contingent Rewards | Contingent Discipline |
|---|--|--|--------------------|-----------------------|
| A. Subordinate Characteristics | | | | |
| 1. Ability, experience, training and knowledge | | X | | |
| 2. Need for independence | X | X | X | X |
| 3. "Professional" orientation | X | X | X | X |
| 4. Indifference toward organizational rewards | X | X | X | X |
| B. Task Characteristics | | | | |
| 5. Unambiguous, routine, and methodologically routine and methodological invariant task | | | X | |
| 6. Task-provided feedback concerning accomplishment | | | X | X |
| 7. Intrinsically satisfying task | X | | | |
| C. Organizational Characteristics | | | | |
| 8. Organizational formalization (explicit goals and areas of responsibility) | | | X | |
| 9. Organizational inflexibility (rigid, unbending rules and procedures) | | | X | |
| 10. Highly-specified and active advisory and staff functions | | | X | |
| 11. Closely knit, cohesive work groups | X | X | X | X |
| 12. Organizational rewards not within the leader's control | X | | X | X |
| 13. Spatial distance between supervisor and subordinate | X | X | X | X |

(After Howell, Bowen, Dorfman, Kerr, & Podsakoff, 1993)

TABLE 20

Revised Substitutes for Leadership Scale

Ability, Experience, Training, and Knowledge

1. I have the ability, experience, training, or job knowledge to act independent of my immediate supervisor in performing my duties.
2. I have all the required ability and experience to be my own boss on my job.
3. I have enough training and job knowledge to handle most situations that I face in my job.

Professional Orientation

4. I am a member of a professional group whose standards and values guide me in my work.
5. I am a member of a professional organization with which I strongly identify.
6. I am a member of a professional organization which has a code of ethics that I believe is important to follow.
7. I cannot get very enthused about the rewards offered in this organization.
8. This organization offers attractive opportunities to its employees. (R)
9. I don't feel that the rewards I receive in this organization are worth very much.

Subordinate Need for Independence

10. When I have a problem I like to think it through myself without help from others.
11. It is important for me to be able to feel that I can do my job without depending on others.
12. I prefer to solve my work problems by myself.

Unambiguous, Routine, Methodologically Invariant Tasks

13. My job does not change much from one day to the next.
14. I perform the same types of activities every day in my job.
15. Most of the work I do in my job is somewhat repetitive in nature.

Task-Provided Feedback Concerning Accomplishments

16. My job provides me with feedback on how well I am doing.
17. My job provides me with the feeling that I know whether I am performing well or poorly.
18. My job provides me with the opportunity to find out how well I am performing.

Intrinsically Satisfying Tasks

19. I get a great deal of personal satisfaction from the work I do.
20. I like the tasks that I perform at work.
21. My job is personally very rewarding.

Table 20 (Continued)**Organizational Formalization**

- 22. My job responsibilities are clearly specified in writing.
- 23. Written schedules, programs, and work specifications are available to guide me in my work.
- 24. My duties, authority, and accountability are documented in policies, procedures, or job descriptions.
- 25. Written rules and guidelines do not exist to direct my work efforts. (R)

Organizational Inflexibility

- 26. In this organization, violations of rules and procedures are not tolerated.
- 27. In this organization anytime there is a policy in writing that fits some situation, everybody has to follow that policy very strictly.
- 28. The policies and rules in this organization are followed to the letter.
- 29. This organization takes a relaxed approach to rules and policies. (R)

Advisory and Staff Support

- 30. In my job, I work closely with staff personnel who are based outside my work unit or department.
- 31. I often need to obtain information, data, and reports from staff members outside my department to complete my work.
- 32. Support from staff personnel outside my department is critical to success in my job.

Closely Knit, Cohesive, Interdependent Work Groups

- 33. The members of my work group are cooperative with each other.
- 34. My work group members know that they can depend on each other.
- 35. The members of my work group stand up for each other.

Organizational Rewards Not Within the Leader's Control

- 36. My chances for a pay raise depend on my immediate supervisor's recommendation. (R)
- 37. I am dependent on my immediate supervisor for important organizational rewards. (R)
- 38. My immediate supervisor's recommendation is necessary for me to be promoted. (R)

Spatial Distance Between Superior and Subordinate

- 39. On my job, my most important tasks take place away from where my immediate supervisor is located.
- 40. My immediate supervisor and I are seldom in actual contact or direct sight of one another.
- 41. My supervisor and I seldom work in the same area.

Note: (R) denotes reverse coded items.

(From Podsakoff, MacKenzie & Fetter, 1993, pp. 9-10)

5.3%, revealed interacting effects between leadership and potential substitutes but could not be regarded as consistent replacement, neutralization or enhancement. While the authors concluded that few of the results of the Posdakoff, Niehoff, et al. and Podsakoff, MacKenzie and Fetter analyses for non-professionals and professionals found consistent substitutes for the leadership they studied, they argued that their method might have been too conservative, and alternative methods were proposed. For instance, before they had examined the moderation of each leadership style, they had partialled out all the others.

For our purposes here, it still seems an open question as to whether there are substitutes for the components of transformational leadership. For instance, to what extent will the availability of computerized decision support systems replace, neutralize or enhance intellectual stimulation? As we have noted in earlier sections, the components of transformational leadership are much more strongly predictive of outcomes in effectiveness, extra effort commitment and satisfaction than contingent rewards. Contingent reward is more highly predictive of such outcomes than passive managing-by-exception and laissez-faire leadership is negatively correlated with outcomes. It would be an important contribution to efficiency if accurate substitutes for transformational leadership could be reliably demonstrated. Howell, Bowen, Dorfman, Kerr and Podsakoff (1993) argued that we may still find many effective alternatives to the necessity of leadership to achieve effective outcomes.

SUGGESTED SUBSTITUTES FOR TRANSFORMATIONAL AND TRANSACTIONAL LEADERSHIP

In crisis conditions, overtraining and competence of followers can substitute for the direction to be provided by the leader's direction. This was seen in observations of the relations between the pilots who land on aircraft carriers under the direction of aircraft controllers. In the same way in a camping equipment firm, consultation disclosed the intrinsic satisfaction that employees derived from their work in producing a high-quality product substituted for the need for strong leadership. When they had to work on low-quality products, closer supervision was required (Howell, Bowen, Dorfman, et al., 1993).

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The authors note that feedback, coaching and guidance (which we see as important elements in individualized consideration) can be provided by computer instead of by a supervisor. The computer may make flattening organizations and increased span of control increasingly possible, suggesting that the computer will help to foster empowerment. For professional employees such as accountants, engineers, or nurses, professional education and its associated socialization processes may substitute for transformational leadership to provide their readiness for autonomy and empowerment.

Extensive subordinate education was found to substitute for direction and supportive leadership in a book publishing house, a branch bank and a midwestern university. Again, high ability, experienced workers appear to require little direct supervision at Cummins Engine, General Motors or Proctor and Gamble (Howell, Bowen, Dorfman, et al., 1993).

Teams as Substitutes for Transformational or Transactional Leadership

Although there is as yet no evaluation of the subject, as noted in Section 8, transformational teams can be conceived, assessed, and trained. It would seem that transformational teams could function in ways to generate the extra effort, performance and satisfaction expected from transformational leadership. In another sense, transformational leadership could be shared among the team members.

We might see a small military team whose esprit had been built by a previous history of success, gallantry and mutual support of members for each other. Its formally appointed officer might find the membership on the team provided sufficient member self-esteem without any effort on his/her part. The attractiveness of the team to each member resulting in the team's cohesiveness would only require of the formal appointed leader that the team's and the organization's goals be in alignment.

Instead of motivation being supplied by identification of members with an idealized, charismatic leader, similar motivation would be supplied by identification with the team or the ideal team member. There would be the desire to emulate the other team members rather than the formally appointed team leader. Respect and admiration of all other members would substitute for the direction of such feelings toward the leader. Inspi-

ration would come from a sharing of mutually-articulated goals, simplified wordage in each other's language and clarification of the mission by-and-for each other. Norms for the team would support efforts for members to intellectually stimulate each other. Member competence and/or experience might replace or enhance leadership in achievement of goals and creative completion of tasks.

The individual consideration provided by the formally appointed leader could be provided by the members for each other, particularly if team members were trained to discern the individual differences among them and the importance of mutual coaching depending on the differences in their initial experience and knowledge.

Empowered, self-managed work teams ideally epitomize substitution for much of what was done before by the formal hierarchical leader. Each team is assigned closely related production tasks. The teams are set off from each other by physical space and stores of work in progress. Each team is responsible for assigning tasks to its members, inspecting its own work, and tracking its quality, production and hours worked. Absenteeism and discipline are handled by the team. The members are trained in maintaining effective meetings and group problem solving. A supervisor is responsible for each team, but only supplies guidance and support in the early stages of the team's development. Self-observation, self-evaluation, and self-reinforcement are encouraged by the supervisor. Superiors of effective teams act like consultants. They spend time obtaining resources for the team, representing the team to higher authority, training new members, and coaching the team members in providing feedback to each other.

Mainly transformational in their behavior, transformational team and team members may provide rewards in the form of praise, or objective measures of goal attainment contingent on performance. The team or its members may practice managing-by-exception in maintaining discipline.

Work Rules, Policies and Procedures

Work rules, policies, and procedures may be replacements for or enhancers of transactional leadership, particularly managing-by-exception. Failure to comply with safety rules may be automatically called to an employee's attention by a signal. Howell, Bowen, et al. (1993) suggest that this type of leadership substitute can be particularly important when consistent behavior is imperative.

The military may introduce special procedures, symbols, codes, uniforms, badges and difficult entrance requirements to promote identification with a unit with a special mission. All of these may substitute to some degree for the transformational identification with the charismatic-inspired leadership. They are likely to serve as enhancers of the leader's efforts to inspire the unit about its mission.

The organization can also enhance an already effective leader's transformational or transactional performance by providing additional resources, more discretion in allocating resources and more access to important information and key people at higher levels.

Other Possible Substitutes

Other potential enhancers or replacements of a transformational leader's effectiveness include:

- Peer appraisals to increase acceptability of feedback.
- Controls over quality by employees.
- Peer support networks.
- Automatic gainsharing reward systems.
- Mission statements and codes of conduct.
- Redesigned jobs to have ideological importance and performance feedback from the task.
- A visible organizational champion of the leader.
- Assignment of the leader to important organizational responsibilities.
- In-house publicity of the leader's image.
- "Small" success experiences to increase the subordinates' confidence in the leader.
- Ceremony and myth to promote a transformational organizational culture.
- Superordinate goals from higher authority to encourage high performance norms.

Other substitutes or enhancements of the effects of transformational leadership might include: crisis reduction through in-place effective and rapid communication systems, ideologically committed followers, organizational cultures with transformational characteristics which give members a sense of empowerment, acceptance of innovation, the importance of learning and the value of doing the right thing instead of just doing things right. Conversely, organizations that avoided bureaucratic entanglements and that fostered cooperation rather than competition among its members (members competed against their own previous records rather than the records of others) would provide substitutes for transformational leadership.

Additionally, Sergiovanni (1990a) suggests that leadership can be replaced or enhanced by the professionalization of followers. The ideals of the profession can provide the moral authority for action without the intervention of leadership. For instance, in teaching, professional ideals include a commitment to caring toward the profession itself and practice toward valued social ends in an exemplary way. Organizational norms can also substitute for leadership. Followers are committed to pursue certain paths because of their desire to conform to the organizational norms rather than because of leadership. One may speculate that more substitution for leadership can take place if the Army is professionalized with ideals of exemplary performance, patriotism, duty and service to the country and to the profession itself.

Neutralizers of Transformational and Transactional Leadership

Leadership *neutralizers* are characteristics of subordinates, tasks, and organizations that interfere with a leader's performance. Neutralizers offset the leader's impact and reduce the leader's influence and effectiveness. The same rules that are supposed to substitute for transactional leadership could work to neutralize transformational leadership. The leader who tries to be intellectually stimulating might generate the soldier's reaction of "Yes, but we are not supposed to do things that way." The leader who would be trying to inspire a sense of mission might be greeted with "Yes, but that's not what we get paid to do." The leader who might be trying to rejuvenate a subordinate who had reached a plateau in effort might hear the response "Yes, but next year, I will be forced to retire."

The physical distance between leader and subordinate may be a neutralizer. When subordinates must work at a physical distance from the leader as in the case of Army station heads and the company commanders above them, the leadership may be neutralized. Physical distances may be too great for much personal interaction and serve to neutralize much of the commander's transformational influence as well as his ability to manage-by-exception.

Regional managers at Kinko's, which provides professional copying services at widely dispersed locations nationwide, are frustrated by their inability to provide guidance and personal support for new store managers because physical distance prevents personal interaction. In international organizations, leaders and followers may live and work in very different time zones and be unable to share the same work day. Again, physical distance has become a potential neutralizer as more employees work at home or at client sites (Howell, Bowman, Dorfman, et al., 1993). Physical distance may be eliminated as a neutralizer of leadership by the increasing availability of telecommunication and teleconferencing.

Systems that provide rewards primarily for seniority such as in civil services where promotion is based on examination may neutralize the possibilities for a leader to engage in contingent reward. (On the other hand, the superior may be more transformational in encouraging employees to prepare for the examination.) Again, leaders may be unable to practice management-by-exception because union contracts mandate employees with a given job classification must be paid the same wages. Neutralization may occur because rewards may be controlled by higher management in ways that prevent the immediate supervisor from exerting influence such as when organizations require numerous higher level approvals before a salary recommendation can take effect. Timing can be a neutralizer. Rewarding may be constrained by fiscal periods or employee anniversary dates (Howell, Bowman, Dorfman, et al., 1993).

The leader's influence may be neutralized if he or she is by-passed by subordinates going above him or her in the hierarchy for a decision, or conversely, superiors going directly to the leader's subordinates with decisions. Yet, the aggregate effect might be salutary on the subordinates' performance if the leader was laissez-faire or incompetent.

Substitutes for leadership should be sought or created where the leadership is too costly, where it is incompetent and cannot be trained, or the leaders themselves cannot be replaced.

SECTION 13

Conclusions

Introduction

This report highlighted answers to eleven questions of consequence to military leadership which were presented in the introductory section of the report. It also attempted to find through experiment and field study confirmation of answers to unresolved questions.

Review. Following the introduction, Section 1, about a model of transformational/transactional leadership, Section 2 examined some of the ways transformational leadership enhances commitment, involvement, loyalty and performance of followers. Section 3 looked at how transactional leadership may induce more stress and transformational leadership help cope with stress among followers. How contingencies such as combat and crises affect transformational leadership was the subject of Section 4. Section 5 dealt with the effects of organizational culture, Section 6 dealt with the effects of gender, and Section 7 dealt with the effects of organizational policies. Section 8 asked how and what could be taught about the subject, and Section 9 reviewed the possibilities of forecasting transformational/transactional leadership. Section 10 asked whether rank and status were of consequence to exhibiting transformational leadership or was it as present as much among squad leaders as among commanders? Section 11 focused on the distinction between laissez-faire leadership and empowerment, and Section 12 asked about substitutes for transformational leadership. Both published and unpublished literature were combed to provide support or refutation of the points of view expressed.

Extensions. In Sections 5 and 8, it was noted that the transactional/transformational rubric can be applied to teams as a whole and organizations as a whole. In the same way, the paradigm can be extended to describing international negotiations. Kissinger (1994) has been able to describe and explain international agree-

ments in terms of the extent the national leadership and the national publics lay emphasis on principles (transformational) or power politics (transactional). When a pope talks about principles of morality, Joseph Stalin asks how many army divisions he has. Does the United States send American troops into harm's way in Kuwait only if U.S. economic and political interests are threatened (transactional) and/or to uphold principles of morality, humanitarianism, and world peace, etc. (transformational)?

The Changing Followership

Transformational leadership was seen to becoming increasingly salient because of the personnel for whom future leaders will be responsible. The changes in the work force will promote changes in the mix of transformational and transactional leadership needed with implications for changes in selection, training, development and organizational policies. Increasingly, leaders are being encouraged to empower their followers by developing them into high involvement teams focused on quality and cost-effectiveness as well as quantity of output of production and service. The end of the Cold War has placed a premium on military readiness. Jobs for the less well educated are automated out of existence. Those that remain call for better education and training. More responsibility is moved downward in the flattening organizational hierarchy increasingly composed of educated professionals who see themselves as colleagues. Elements of transformational leadership such as autonomy and challenging work become more important to job satisfaction according to numerous employee attitude surveys. Similarly, how hard one works is seen to be fairly independent of the pay and benefits one receives, suggesting that transactional leadership will be less potent.

In 1960, parents felt that the most important values to teach their children were to respect authority, to respect the church, to respect one's government and to avoid questioning authority. Today the children of the 1960's are trying to teach their children to accept responsibility for their own actions, to be willing and confident in accepting challenges, and to question authority when necessary. Whyte's conforming organizational man, totally dedicated to the firm, did not question authority. In the 1990's much skepticism and cynicism have replaced the norms of unquestioning conformity of the 1950's.

In the 1950's, transcending one's self-interests for the good of the organization was a norm of conformity. That is, there was public and expressed acceptance of organizational goals, but filled with much private reservation. "What's good for General Motors is good for the country" was expressed publicly but not necessarily privately. Today, such going beyond one's self-interests for the good of the organization requires aligning the individual member's interests and values with those of the organization's transformational leadership. Thus, Podsakoff, et al. (1990) found that trust in the leadership was required before one would find the emergence of transcendental organizational citizenship behavior (altruism, conscientiousness, sportsmanship, courtesy and civic virtues).

Going Beyond Self-Actualization

The importance of going beyond one's self-interests is something lost sight of by those who press hard on the developmental function of the transformational leader. It needs to be remembered that Handy (1994) was 16 years behind Burns (1978) in his suggestion that Maslow's (1954) hierarchy of needs should be extended upwards to go beyond one's self-oriented concerns.

Maslow ...postulated that there was a hierarchy of needs, that when you had enough material goods you moved your sights to social prestige and then to self-realization. ...His hierarchy did not reach far enough. There could be a stage beyond self-realization, a stage we might call idealization, the pursuit of an ideal or a cause that is more than oneself. It is this extra stage that would redeem the self-centered tone of Maslow's thesis, which for all that it rings true of much of our experience, has a rather bitter aftertaste. (Handy, 1994, p. 275)

Burns, of course, 16 years earlier, had handled this possible bitter aftertaste by describing the transforming leader as one who not only moved followers up on Maslow's hierarchy, but also moved them to transcend their own self-interests.

One paradox for us may be that as we push the transformational process, particularly focusing on development of followers, we may shortchange the transcending of followers' self-interests. The transformational leader needs to do both by aligning the followers' self-interests in development with the interests of the group, organization or society. Currently, Williams (1994) is work-

ing on showing that transformational leaders as measured by the MLQ will display more citizenship behaviors such as altruism, conscientiousness, sportsmanship, courtesy and civic virtue as well as imbue such ideas in their subordinates. This is one reason why Avolio and I (1991) chose to substitute for charisma, in training and elsewhere, the term *idealized influence*, that is, being influential about ideals. At the highest level of morality are selfless ideal causes to which leaders and followers may dedicate themselves. Serving one's country to the best of one's abilities can be a powerful motivator in the military. It is not a new idea as it is found in Homer's Iliad that "he serves me most who serves his country best."

Needed is a research which deals with the potential conflict of the would-be transformational leader's striving for achievement and self-actualization and his or her pursuit of the greater good for group, organization or society. The resolution may lie in the alignment of his or her own personal principles with those of the troop, organization and society. But other seemingly unresolvable conflicts may exist for military officers and cadets who are faced with threats to the achievement of their goals if, as expected in the honor code, they notify authorities of unethical behavior they observe in fellow officers. For in doing so they violate the quality of relationships they are expected to maintain with fellow officers or cadets in order to conform to the principle enunciated in the honor code.

MEASUREMENT OF TRANSFORMATIONAL LEADERSHIP AND TRANSACTIONAL LEADERSHIP

Much of this report is based on studies using the Multifactor Leadership Questionnaire for which problems remain of multicollinearity, lower than desired reliability's under some circumstances for active managing-be-exception and questions about the universality of the factor structure of the model of the full range of leadership. Kelvin's admonition that "if we can't measure it, we don't know what we are talking about" drives our search for confirmation of understanding, theory and principles. Nevertheless, it was probably the Vietnam "body count" approach to evaluating the success of battles that gave rise to McNamara's Fallacy:

The first step is to measure whatever can be easily measured. This is OK as far as it goes. The second step is to disregard that which can't be easily measured or to give it an arbitrary quantitative value. This is artificial and misleading. The third step is to presume that what can't be measured easily really isn't important. This is blindness. The fourth step is to say that what can't be easily measured really doesn't exist. This is suicide. (Handy, 1944, p. 221)

As we deal with leadership that is as much emotional as rational in effect, we need to appreciate what the non-quantitative scholars in psychohistory, sociology and political science have to say about charisma and transformational leadership. Instructive are works such as Caro's (1974, 1982) biographies of Lyndon Johnson and Robert Moses, and Kets de Vries' (1994) psychoanalytic views of defects in charismatic leadership.

Levels of Leadership

MLQ and similar types of data can be gathered using the same instruments, constructs, and model across all levels of leadership (Yammarino & Bass, 1991): micro-leadership (leadership of the small group), macro-leadership (leadership of the large organization) and meta-leadership (leadership of movements and societies) (Nicholls, 1987, 1990). Thus, we see applications at the micro-level (Hater & Bass, 1988), at the macro-level (Yokochi, 1989), and at the meta-level (Bass, Avolio, & Goodheim, 1987) of the same model of transformational leadership. It also generalizes across nationalities and language (e.g., Francois, 1990).

On Charisma

By relaxing the criteria set forth by Weber (1929/1947) for what is to be considered charismatic (Bass, 1985), by operationalizing and measuring it, then including it as one of the four dimensions of transformational leadership, we have seen that a great deal can be learned about transformational leadership as well as charisma. Perhaps most significant is that we have been able to develop a much better understanding of the behaviors exhibited by such leaders, key personality characteristics underlying those behaviors, their impact, and how individuals develop into being charismatic and transformational.

Charisma and Inspiration. In constructing the MLQ, the criterion of the principle of parsimony was violated when, for the purposes of fuller profile description, some of the items which are highly loaded and highly correlated (above .80) with the charismatic factor were formed to create a scale of inspirational motivation (see Bass, 1985, p. 214). Highly intercorrelated items such as "is an inspiration to us" and "inspires loyalty in the organization" formed the scale. This was done because it was believed that a leader could move followers toward common goals, provide meaning, and generate acceptance of missions without necessarily being charismatic. One did not have to identify with leaders to be aroused by them about the importance of an effort.

Repeated factor analyses have never supported the extraction of inspiration from charismatic factor but there were separate bodies of literature for charismatic leadership and for inspirational leadership to which the work could be connected. The same leaders who are charismatic are also inspirational but the involved behaviors, attributions and effects differ. Chapter 12 in the Bass & Stogdill Handbook of Leadership (Bass, 1990) divides itself into charismatic, charisma-like, and inspirational leadership. Not only are the behaviors, attributions and effects different but the relevant research literature is different.

Idealized Influence. There were several disadvantages in continuing the use of the term charismatic. First, it had come to represent a wide spectrum of meanings in the media and the public mind ranging from celebrated to flamboyant, exciting and personable. Second, in many of the countries in Europe and Asia, in which we subsequently used the factor structure for research and training, charisma was too much associated with Mussolini, Hitler, Tojo and dictatorship. And so for training purposes, the term, idealized influence, was substituted for the charismatic factor (Bass & Avolio, 1990), although in this research report we continue to use the term *charismatic* leadership and *charisma*.

It may be that for purposes of quantitative study we should revert to a single factor encompassing charisma and inspirational leadership as Howell and Avolio (1993) did. However, McNamara's Fallacy mentioned earlier suggests that something may exist, such as the distinction between charisma and inspiration, without it being easy to measure.

Measuring Transactional Leadership

Transformational leadership adds to the contribution of transactional leadership to effectiveness; transformational leadership does not substitute for transactional leadership. Numerous empirical studies of this augmentation effect (e.g., Waldman, Bass, & Yammarino, 1990) support the original theoretical assumption (Bass, 1985). The best leaders are both transformational and transactional. Franklin Delano Roosevelt was a consummate politician as well as one of America's most charismatic presidents (House, Spangler, & Woycke, 1991).

In the first and many subsequent factor analyses, two transactional factors emerged. These were the two faces of contingent reinforcement, *contingent reward* "Tells me what to do if I want to be rewarded for my efforts," and contingent aversive reinforcement (relabelled *management-by-exception*) "If it ain't broken, don't fix it." In continued military work, Yammarino and Bass (1990) also split contingent reward into *promises* (e.g., "clarifies what I will get if I succeed") and *rewards* (e.g., "gives me what I want in exchange for showing my support for him/her.")

In Section 11, we noted that the items which were all thought to measure *laissez-faire* leadership, the avoidance of leadership, such as "is absent when needed," and "takes no action even when problems become chronic" included some items which assessed the more positive *empowerment*, "let's me decide on matters about which I know best."

Hater and Bass (1988), Hoover (1987) and Yammarino and Bass (1990) all found it factorially valid to further split management-by-exception into an *active* factor such as "arranges to know when things go wrong" and a *passive* factor "subscribes to the belief that if it 'ain't broken, don't fix it'." These divisions are further justified by unpublished factor analyses mentioned in Sections 9 and 12.

Multicollinearity. Some factor studies such as an unpublished study of Air Force officers at Maxwell Field emerged with only a single factor of charisma or transformational leadership. This probably happened because short scales were used. Nevertheless, three factors, charisma, intellectual stimulation, and individualized consideration emerge in repeated studies either when using principal components factor analysis or when employing partial least squares (PLS) analysis (Howell & Avolio, 1993).

The usefulness of the three factors instead of one transformational leadership factor conceptually offsets the fuzzy quantitative aspects when applied in training. Trainees can learn a lot about how to be more *inspirational*; they have a harder time authentically reinventing themselves as *charismatic* leaders. They can work on becoming more *individually considerate* even though they already are *intellectually stimulating*.

It has been argued that the MLQ was measuring attributes and effects, not behaviors. Nonetheless, most of the 70 items of the MLQ concern behaviors. Only a few are attributions or effects. But particularly when assessing *charisma*, it is essential that some follower attributions be obtained for *charisma* involves the extraordinariness seen "in the eyes of the beholder" (Bass & Avolio, 1993).

The multicollinearity in the factors of transformational presents a statistical problem even as we cross cultures, but the structure remains. Mean scores on the factors may vary and some behaviors may become inappropriate. For instance, in Japan, contingent reward is more implicit than explicit. Nevertheless, the overall factor structure continues to provide a meaningful framework (Bass, in press). While *charisma* is the largest component of variance in transformational leadership, the other components of *intellectual stimulation* and *individualized consideration* are important theoretically and practically. They involve different behaviors, attributions and effects. The abusive, abrasive, charismatic leader does not exhibit the same amount of individualized consideration as does the warm, socially-concerned charismatic. The knowledge, skills, and abilities which may help one become more *intellectually stimulating* may be unconnected to one's *individualized consideration*.

RELATED CONCEPTS AND MEASURES

LBDQ Consideration. *Individualized consideration* is conceptually distinct from the Leader Behavior Description Questionnaire (LBDQ) scale of consideration although empirically correlated with it. Seltzer and Bass (1990) reported a correlation of .69. LBDQ consideration focuses on friendliness, approachability and participative decision-making; *individualized consideration* deals with concern for each follower as an individual and with the follower's development. It includes:

...knowing your followers' needs and raising them to more mature levels...(and) the use of delegation to provide opportunities for each follower to self-actualize and to attain higher standards of moral development. Some leaders can be quite directive rather than participative in such actions. (Bass & Avolio, 1993, p. 64)

According to data collected by Seltzer and Bass, LBDQ initiation and consideration may substitute for transactional, but not for transformational leadership. Much additional variance in effectiveness was accounted for by adding the MLQ transformational leadership scores to the LBDQ initiation and consideration scores in multiple regression equations. Furthermore, there are "highly reliable differences among the conceptions of managers, project supervisors, CEOs, military officers, principals, and other administrators in the distinctions between transactional leadership, transformational leadership, LBDQ consideration and initiation of structure" (Bass & Avolio, 1993, p. 65).

Directive and Participative Leadership. Transformational leaders can be directive or participative, authoritarian or democratic. Nelson Mandela is directive and transformational when he declares "forget the past." He can be participative and transformational when he actively supports and involves himself in open, multiracial consultations. He can be directive and transactional when he promises blacks better housing in exchange for their votes and is participative and transactional when he reaches mutual agreements about sharing power with the white minority. The same leaders display both transformational and transactional behavior and mix direction and participation.

Leader-Member Exchange (LMX). Tejeda and Scandura (1994) are currently looking at the relationship among supervisors and subordinates in a health care organization between transformational leadership and Leader-Member Exchange (LMX) (Graen & Scandura, 1987). There have been attempts by Yukl (1989) to deal with LMX as transactional leadership because of LMX's reliance on exchange of rewards. However, subsequent examination of the development process in LMX by Graen and Uhl-Bien (1991) have been able to reframe LMX as a transformational leadership process as LMX unfolds in several stages in which trust, loyalty and respect develop. In the first stage, LMX is transactional. If the last stage is reached, it is transformational.

OTHER PROSPECTIVE RESEARCH AND DEVELOPMENT ISSUES

Other areas which need further exploration and exploitation, particularly in the military, are the linkage to transformational and transactional leadership of moral and personal development, improvement of training, and situational aspects that may make a difference in the emergence and effectiveness of transformational leadership.

Moral and Personal Development

Mature moral development is required of the transformational leader (Kuhnert & Lewis, 1987). The immature, self-aggrandizing charismatic is pseudo-transformational. He or she may seem uplifting and responsible but on closer examination is found to be a false Messiah.

One's parents' moral standards and one's leadership experiences in school and extracurricular activities forecast subsequent tendencies to be more transformational as adult leaders (Avolio, 1994). Avolio and Gibbons (1988) reported that industrial executives who were rated by their immediate subordinates as highly transformational, reported in retrospective interviews that their parents provided them with difficult challenges but also supported the nascent leaders' efforts whether or not they resulted in success (Gibbons, 1986). Similarly, transformational community leaders described childhood and adolescent experiences with caring but challenging parents who held high standards. Schools also made a difference (Avolio & Bass, 1994).

Much more needs to be learned about the ethical and moral factors that distinguish the truly transformational leader from the pseudotransformational leader.

Training

Intuitively, teaching and learning about how to be more or less constructive and corrective as a transactional leader should be easy to do. Not as easy is learning about how to be more transformational (Avolio & Bass, 1994). Nevertheless, it is doable. Self-reports, incidents, and collegial ratings from the work place have been collected from 200 executives and 500 community leaders to assess the impact of continuing, extensive, and comprehensive training programs, the "Full Range of Leadership Development."

Generally, positive results have been obtained. Follow-ups six months to a year later suggest modest improvements in transformational leadership, *particularly in those components on which participants made plans to improve*. These improvements tend to be accompanied by a reduction in the use of *managing-by-exception* (Avolio & Bass, 1994). Much of what has already been learned about the training of civilians in transformational leadership has not been fully exploited by the military.

Contingencies

A case can be made for the universality of the concepts of transformational and transactional leadership. Although the original theory, model and measurement emerged in the individualistic United States, it appears equally applicable in the collectivistic societies of Asia. Collectivistic cultures provide the leaders with ready-made opportunities to become transformational leaders. Most subordinates in collectivistic cultures already have respect for their leaders. Transformational leadership is more likely to be enhanced further by centrality of work in life and the high level of group orientation among followers.

The mutual obligation between the leaders and the followers facilitates the transformational leader's individualized consideration. Leaders in collectivistic cultures already have a moral responsibility to take care of their subordinates, to help them prepare a career development plan, to attend their funeral ceremonies and birthday parties, and to counsel followers about personal problems. In turn, subordinates have a moral obligation to reciprocate with unquestioning loyalty and obedience. Indeed, transformational leadership may be far more pervasive in collectivistic societies compared to the individualistic societies of the West.

In turn, this may help to explain the fast economic development of the East Asian "Five Dragons." But within the East-West context, other contingent relationships need further examination. These include the organization's culture and the transformational leaders contribution to it, gender differences, and the importance of transformational leadership when leaders face diversity of ethnicity, race and sex among their followers. We need to learn in what ways individualistic cultures can gain the benefits of the collectivistic cultures for transformational leadership without the associated costs in creativity and initiative.

Organizational Culture. For an organizational culture to become more transformational and to accomplish the needed changes in an organization's culture, top management must articulate the changes that are required. The message may be of a vision which needs to be shared about the style of leadership the organization wants to emphasize. If it wants to tap the expertise of its members to the fullest, it may highlight its "consultative" style of leadership. Changes, consistent with this message, are introduced in the daily practices of the organization. Desired role models of leadership begin at the top and are encouraged at each successive level below. The behaviors of top level leaders become symbols of the organization's new culture. Stories are created around the leader, and mechanisms are developed to improve upward communication.

Leaders who are concerned about organizational renewal will seek to foster organizational cultures that are hospitable and conducive to creativity, problem solving, risk taking, and experimentation. First, there is an articulation of the changes that are desired. Next, the necessary changes in structure, processes, and practices are made and are widely communicated throughout the organization. Stites-Doe, Pillai & Meindl (1994) have proposed and are testing in two financial institutions hypotheses about transformational leadership and the way the organizational culture will be adopted by employees. They propose that individually considerate leaders will participate in more acculturation activities than those who are not. Many other aspects of how the organizational culture can affect and be affected by its leadership need to be examined.

Sex Differences. Paradoxically, one might propose that anti-feminine bias and disadvantage is a plausible explanation for the current results, reported in Section 6, finding women are somewhat more transformational and therefore likely to make more effective leaders. It is often argued that women have to be that much better leaders than their male counterparts to attain the same positions of responsibility and levels of success as men. But just the opposite can be argued by suggesting that affirmative action has pushed women faster and higher than justified by their competencies. Nevertheless, the military may be moving in the right direction in promoting relatively large numbers of women into positions of leadership.

Several new studies are needed to test if the above argument is correct. Our results are contingent on the fact that the majority of the organizations studied were male. We need to examine what happens when women are in a majority, such as in nursing. Gotlieb (1990) completed such a study on nursing administrators in V.A. hospitals and emerged with challenging contrary findings.

Do men have to be better than women to achieve the same levels of success? We need studies which match or adjust for abilities predictive of success as a leader. If we can equalize such capabilities, will women still emerge as more transformational than men as leaders?

Diversity. In an unpublished paper, Del Castillo defined cultural competency as a set of skills for maintaining a process of ethical balance between individual rights and responsibilities.

Cultural competency involves (1) understanding the methods by which individuals/groups perceive the world and develop conceptual schemes, (2) understanding one's own conceptual scheme, (3) integrating other views into one's respective conceptual schemes, and (4) valuing the diversity of all conceptual schemes.

He then went on to show that it would be transformational leaders who would be better prepared to value and adapt to diversity among their followers. The charismatic was expected to envisage a culturally competent organization, to inspire confidence in its achievement, to use intellectual stimulation to encourage new ways of dealing with the increasing diversity of their followers and to be empathetic with their followers different needs as individually considerate leaders.

More Theory and Explanation Needed

Applied research in transformational leadership has been abundant. Basic research and theory have been in short supply. We have made an effort to track all published and unpublished studies and to maintain the collection of reports, theses, dissertations, and journal articles in the library at our Center for Leadership Studies. All users of the experimental MLQ 5X are asked to send us copies of their results and writings.

On the one hand, of the 180 reports on file to date, a large majority reconfirm the "correlational hierarchy." The transformational factors are usually found more highly correlated with outcomes in effectiveness and satisfaction of colleagues than is contingent reward. Contingent reward is ordinarily more highly correlated with outcomes than is managing-by-exception, particularly passive managing-by-exception. Finally, laissez-faire leadership is almost uniformly negatively correlated with outcomes. There has been some demonstration of the contributions of transformational leadership to other criteria such as innovativeness and quality improvement. Nonetheless, there has been relatively little basic research testing of the many models of linkages proposed by Bass (1985) to explain how transformational leadership works.

The closest to the promotion of fundamental understanding with empirical verification has come from work by Podsakoff, MacKenzie, Moorman and Fetter (1990) who have shown that *trust* is an important intervening construct. Theorization by Shamir, House, and Arthur (1993) has connected the charismatic behavior of the leader (which includes inspirational motivation, intellectual stimulation and individualized consideration) with the self-concept and self-esteem needs of the follower, and Howell and Frost (1988), who in testing House's 1976 Theory of Leadership (House, 1977), found that while initiation but not consideration could maintain high worker productivity when work group norms supported such productivity, only charismatic leadership could maintain high productivity in the face of conflicting low productivity norms. Recent contributions by House and Shamir (1993) and Shamir, House, and Arthur (1993) have begun to "get to the bottom of things." These authors propose that transactional leaders focus on pragmatic paths to goals while transformational leaders produce in their followers a higher: (1) salience of the collective identity in their self-concept; (2) sense of consistency between their self-concept and their actions on behalf of the leader and the collective; (3) level of self-esteem and a greater sense of self-worth; (4) similarity between their self-concept and their perception of the leader; (5) sense of collective efficacy; and (6) sense of "meaningfulness" in their work and lives.

By engaging follower self-concepts and arousing nonconscious motives of followers, the transformational leaders selectively arouse follower nonconscious achievement, affiliation, power motives and other motives. These are nonconscious stable motives, that have strong and enduring behavioral consequences. Such motive arousal results in increased engagement of the self, self-monitoring, and self-evaluation. Such arousal engages the self-worth component of motivation and increases motivation on the part of followers.

Ultimately this leads to increased commitment to the mission since motive arousal results in increased self-engagement. Since the experience of self-worth and self-efficacy are contingent on goal attainment, it would be highly dissonant for the individual to resist commitment to the vision and mission of the leader.

Although the new paradigm of transformational/transactional leadership came to the attention of scholars 16 years ago (Burns, 1978) and the first book which provided a model and empirical studies only appeared nine years ago (Bass, 1985), much has already been accomplished, but more is yet to be done.

SECTION 14

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